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WEEKEND DECEMBER 9/DECEMBER 10 1995

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- The battle for Japan's lost islands
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#### Top companies in Japan 'expect further recovery'

Japan's leading companies feel slightly more confident about business conditions than they did three months ago and expect further recovery in the short term, the Bank of Japan has announced But Tokyo economists said the results, in line with the market's expectations, show that the first frag-ile signs of recovery, helped by a Y14,230bn (\$142bn) fiscal stimulation package in September, are too weak to tempt the central bank to raise its record low interest rates. Page 22; Minister raises telecom deregulation hopes, Page 3

US jobs figures raise chance of rate cut: Speculation that the Federal Reserve will cut interest rates this month mounted following the release of lacklustre jobs figures. Page 3

London stocks continue to fall

FT-SE 100 3,870

The FT-SE 100 - frit by profit warnings, nervous-ness in the US and a fluctuating international bonds market - ended another volatile session 9.5 points lower at 3,630, its fifth successive fall. The index lost 50.4 points, or 1.3 per cent, over the week as activity on Wall Street continued to unsettle markets in London and throughout the rest of Europe. Page

19; World Stocks,

Rivals settle on digital video format: Nine of the world's leading consumer electronics companies have agreed a common format for digital video disc systems, ending months of negotiation over the technical specifications. Page 6

UK accountants seek offshore protection: Jersey is to try to change its laws to attract the UK's Big Six accountancy firms, which are seeking to protect partners' personal assets. Page 22

Beef prices plunge in 'mad cow' scare: Prices of beef cattle plunged by £100 (\$154) at one of Britain's main auction markets where prime bull-ocks sold for less than £600 each following scares about "mad cow disease". Page 4: Joe Rogaly. Weekend FT, Page I

won its battle to push through a controversial L953bn (\$589m) capital increase for Ferruzzi Finanziaria, the Italian holding company. Page a; Lex.

Mediobanca, the powerful Milan merchant bank,

France scores poor literacy levels: France suffers from levels of adult literacy substantially below the levels in a number of other developed

Russia in Chechnya deal: Russia has reached an agreement with representatives of the Moscowappointed Chechen government offering considerable autonomy to the Caucasian republic. Page 2

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Restructuring plan for rail company to be delayed, say unions

# French strikers claim concession

By David Buchen and Andrew

Striking French railway workers won an apparent initial concession from the government yester-day, as public sector industrial action thet has brought chaos to the country moved into its third

their first meeting to discuss a restructuring plan for the SNCF national railway company with Mr Jean Matteoli, the newlyappointed government negotia-tor, said he had agreed in effect to delay the signature of the

In addition, aides said that Mr Alain Juppé, the prime minister, was poised to meet top strike leaders in the broader disputes gripping the country and triggered by his proposed social security reforms. They said he was also launching a public informa-tion campaign today to explain

However, they stressed his meeting would take place only after the unions had held preliminary lower-level talks with ministers and mediators, and given an assurance that they would not increase their demands.

The SNCF plan is an important ement in the dispute between railway management, which is under pressure from the government to reduce large deficits, and workers who have led strike



Two passengers walk past burning tyres used by French strikers yesterday to try to block access to Rossay Charles de Ganile strport

late November. Some observers suggested yesterday that the plan signing of which is likely now to be delayed by at least a week - was less important than a seperate strategic plan due to be

accepted the invitation of Mr Jacques Barrot, the labour minister, for talks today, although Force Ouvrière, one of the leading whether it would participate. The industry minister has convened a

national unions yasterday round table discussion with unions and employers' organisa-tions on the future of public services next Wednesday, on the eve of a European energy ministr possible meeting at which changes in Electricité de France's

day's massive protest marches brought an-

Strike hits central bank, Page 2

## **Ex-Barings** chief denies Leeson cover-up attempt

By John Gapper, Banking Editor, in London

Mr Peter Norris, former chief executive of investment banking at Barings, the UK merchant bank that collapsed in February, yesterday denied that he tried to cover up unauthorised trading by Mr. Nick Leeson, its former

Commenting publicly for the first time since the collapse, Mr Norris said that if the accusation made against him in the Singa-pore inquiry had been published in Britain he might have sought a judicial review of its fairness. Barings in May along with 19 other executives, could still face charges in Singapore along with Mr James Bax, former head of Barings' Singapore office. He declined to comment on this pos-

Mr Leeson was jailed a week ago in Singapore for six and a half years after admitting fraud linked to £830m (\$1.8bm) derivatives losses which he concealed in a trading account. His lawyers are considering appealing against the sentence.

Mr Norris said in an interview there was "no truth in the conclusions" of inspectors from Price Waterhouse appointed by tha Singapore Ministry of Finance. They had dapended on "a sequence of conjecture and cir camstance

He said he did not believe Mr Leeson's explanation in a television interview earlier this year that he started by concealing mistakes by other traders in a hidden account, and these losses then spiralled out of control.

He could only speculate as to the real explanation, but he did not find it credible "that an ostensibly well-intentioned, misconceived, very limited act, could turn into the systematic fraud and deception which destroyed

Mr Leeson has insisted that he

# Westinghouse to sell defence arm for \$2bn

By Tony Jackson in New York

Westinghouse, the US conglomerate which is paying \$5.4hn for the CBS television network, is to sell its defence electronics business for an estimated \$2bm-plus. Westinghouse said that

together with the sale of another smaller business yet to be specified the disposal would raise Separately, Westinghouse said

it would cut almost 500 jobs in its struggling power generation divi-

sion. It will take a fourth quarter charge of \$200m to cover the lay-offs and the settlement of lawsuits over allegedly faulty steam generators supplied by the divi-

The defence business, which had operating profits last year of \$165m on sales of \$2.5bn, specialises in radar and electronic sur-

Westinghouse said it was in major defence contractors", but would not give further details. Several large defence companies,

The US defence industry has been conselidating in the past two years in the face of US

defence cuts. Westinghouse's defence revenues fall 14 per cent between 1992 and 1994. Westinghouse said it would announce the second business to be sold within two weeks. Specu-

lation on candidates included the Thermo King, which had profits Westinghouse said it had set other charges, and a loss last year of \$130m on sales of the litigation over steam generations of \$100m. Its share \$877m, or the furniture maker tors supplied to a Terms nuclear \$% to \$17% in early trading.

such as Raytheon, refused to . Knoll, which lost \$67m on sales

als, expected to be completed by the middle of next year, would pay down 70 per cent of the debt taken on for CBS and would leave the group with 65 per cent of its earnings from broadcasting. Mr Michael Jordan, Westing-house chahman, said the shaping of the new Westinghouse would

Project. This brings the number of disputes settled out of court to seven. Westinghouse has won two cases in court and has three still outstanding. It declined to specify bow much of the \$200m charge related to the settlements and how much to severance pay-In the fourth quarter of last

year, Westinghouse had earnings other charges, and a loss after charges of \$107m. Its shares fell

FIDELITY INVESTMENT TRUSTS

"Fidelity European Values

Continued on Page 22

# Bosnia warning by US envoy as talks start on peace deal

By Anthony Robinson in London, Harriet Martin in Sarajevo and Virginia Marsh in Budapest

Mr Richard Holbrooke, tha US envoy to former Yugoslavia, warned yesterday that Bosnia was "poised between war and peace" as an international conference began in London on ways of implementing the settlement.

Implementation is going to be just as difficult as negotiating peace was," said Mr Holbrooke in Sarajevo, where he won assurances from the Bosnian government that Moslem irregular fighters would be asked to leave the

The foreign ministers meeting in London last night unanimously agreed to appoint Mr Carl Bildt, the former Swedish prime

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E LONDON MONEY

Leader Page

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minister, to the vital role of high representative to co-ordinate the political aspects of the peace

Mr John Major, British prime minister, opened the two-day "peace implementation" conference attended by high-level delegations from Bosnia, Crostia and Serbia, the European Union, the US, the Islamic states and Japan.

In Sarajevo, Mr Holbrooke pressed Bosnia's President Alija izetbegovic to provide assurances on the future of tens of thousands of Serbs in the other suburbs of Sarajevo who will come under the authority of the Moslam-led government under the forthcoming peace deal.

Mr Izethegovic said his govern-

ment would send messages through the media to reassure STOCK MARKET INDICES

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CONTENTS

(-9.5), III US LUNCHTIME RATES

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FT/98P-A Wid Indices \_\_\_ 17

expected to fice rather than submit to their adversaries. "We will be sending strong

ages to the Serbs of Bosnis Hercegovina that they will be fully secure under the Dayton agreement," the Bosnian less said, referring to last month's peace deal initialled in Ohio. He also confirmed "foreign elements in the Bosnian army - a reference to auti-western mujahideen fighters who are supporting the Moslem cause - would be sent home within a mouth of a peace agreement being signed.

Mr Major said: "We must take one decision above all: that peace

Continued on Page 22 Bosnia peacomakers jostle for limelight, Page 2

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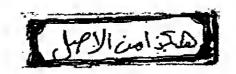




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O THE FINANCIAL TIMES LIMITED 1995 No 32,854 Week No 49 LORDON - LEEDS - PARIS - PRANCEURT - STOCKHOLM - MADRIO - NEW YORK - LOS AMORLES - TOKYO



# Bosnia peacemakers jostle for limelight

By Bruce Clark in London and Laura Sälber in Belgrade

"What we all want is peace - a piece for you and a piece for me," read the caption on a corny wartime cartoon showing Stalin, Churchill and Roosavelt. The nations and organisations involved in the Bosnian peace process are also haggling, with a fury that is often farcical - and could yet turn tragic if it derails the set-

Yesterday'a London conference was only the latest round of a peacemaking game in which all players are looking to maximise leverage and minimise expenditure and risk.

A furious squahbla over who will oversee next year's Bos-nian election – a European or an American - boded ill for the chances of agreement on more substantial issues, such as who will foot the \$6bn reconstruc-

Almost the only things on which all sides agree is that a year-long mission by Nato's 60,000-strong implementation force (Ifor) has no chance of nailing down peace unless a larger and longer-lasting civiln machinery is also estab-

Nato theology decrees that Ifor must not do civilian tasks that would be "misslon creep" - bnt civilian tasks. from resettlement to recon-

discounting of books.

continues to shrink.

**EUROPEAN NEWS DIGEST** 

Publishers in

cartel probe

italy's anti-trust office, headed by former premier Giuliano Amato, has opened a formal investigation into whether

publishers have been operating a cartel to prevent beavy

wholesale distributors, whose 120 members include

and catalogue sales companies. They claim the main publishers and the Italian booksellers association are

operating a price cartel with bookshops and retail outlets

which includes penalising those who break the pact. The

The inquiry follows complaints from Faid, the federation of

supermarket chains, cash and carry stores, discount operators

publishers are expected to defend their position, arguing that

heavy discounting undermines small bookshops and damages the publishing industry as a whole. Robert Graham, Roma

Belarus, Ukraine vote tomorrow

Voters in Belarus and Ukraine will tomorrow try to fill vacant

The future of democracy is at stake in Belarus, where the

president has vowed to rule without a legislative check unless

seats in their parliaments months after previous elections

he turnout brings in enough MPs to make a two-thirds quorum in the 260-seat parliament. Twenty MPs got in in last week's first round, where a surprisingly high turnout ensured that all but two of 140 constituencies held valid votes, joining 119 who won in the first election rounds in May. Communists

are expected to do well in the run-off, but the liberal

opposition in Belarus appears stronger as the economy

In Ukraine, the by-elections are for 45 seats in the

the current communist parliamentary chairman. Mr

communist-led parliament, and reformers hope new MPs may

change the balance of power. Mr Evhen Marchuk, prime

minister, looks likely to win a seat and may try to challenge

Cartier BOND STREET

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Oleksandr Moroz. A new constitution and economic reform are

failed to satisfy tough turnout requirements.

But one of the Nato mission's selling points - in the eyes of the US Congress - is that western armies in Bosnia must not be hamstrung by the bleeding-heart bureaucrats of the United Nations.

So Ifor will need to use some of the services tha UN has hitherto provided, while avoiding overt association with an organisation whose name can only be pronounced in whis-pers on Capitol Hill.

General George Joulwan, Nato commander in Europe, has confided to UN officials that he would love to have at his disposal the 30 or so civil affairs officers whose quiet trouble-shooting has been a UN success story. But whatever home these

veterans of Bosnian politics eventually find, it is unlikely that they will be incorporated into Ifor, because of their past ssociation with the UN.

The practical effects of the new slogan – "in with Nato, out with the UN" – can be observed all too vividly in a sprawling compound on the outskirts of Zagreb which the Atlantic alliance is taking over from the blue helmets.

The second floor of the comnormd which is a curious mixture of Austrian Baroque and military prefab, has already been declared a security zone, off limits to UN personnel. Every time I look round there struction, must somehow get "Every time I look round there done, to give Bosman people a is another 10-foot-tall marine

Robert Graham, Rome



TIS envoy Richard Holbrooke arrives in Sarajevo yesterday

measuring tha ceiling," com-plains one UN official. Back in New York, UN financial managers will be only too glad to be relieved of the strain which Bosnian peacemaking has placed on their ravaged budget. But whoever picks up the slack, it is unlikely to be Washington.

Washingtoo feels it has shouldered more than its share



A French UN tank passes other peacekeepers in an armoured personnel carrier yesterday near the

ing last month's peace talks in Dayton, Ohio; providing 80 per cent of the western air power over Bosnia; and sending in 20,000 troops in defiance of US public opinion.

Hence Washington's refusal to foot more than 20 per cent of the \$3bn in reconstruction costs which it expects to come from national governments. while financial institutions provide the remainder

US officials say they "gave" France the prestige of hosting next week's conference, where the peace deal will formally be signed, in acknowledgement of President Jacques Chirac's role in jolting the west into action. But France will not play the grateful supplicant. As French officials tell it, the signing of the Elysée treaty (which Dayton, Ohio, used to call its own) is proof of Paris' abiding pri-

macy among Balkan peace-

France, they say, is the only country that has consistently worked for a settlement: the US is a Johnny-come-lately which owes Paris a huge debt. The London conference was

#### dreamed up by Britain in October, at a time when Paris and Dayton were front-runners in the competition to be world

# French strike hits central bank as third of workers walk out

By Andrew Jack

Nearly a third of the employees of the Bank of France, perhaps the institution most committed to budgetary constraint and fiscal responsibility in the country, went on strike this week.

Members of five of the seven unions represented at the bank stayed away from work yesterday and on Thursday, the day that the bank's monetary pol-icy council decided to cut interest rates in an apparent sign of confidence in the government's resolve to push through its cost-cutting programme in the face of union opposition.

One trade unionist at the bank said the Bank's monetary policy role was "the domain of sonnel who carry out work of high quality in the service of

The Bank of France gained independence from the French government early last year, but its 16,800 tenured employees have held a status apart from civil servants and other public sector workers for far

They benefit from a regime speciale like compatriots in the SNCF, the national railway company, the RATP urban transport system, the gas and electricity utilities and other quasi-public sector institu-

They are required to pay contributions towards retirement for 37.5 years, rather than 40 years in the private Like other public sector workers, their pensions are cal-culated on salary in the six months before they retire, not the private sector norm which takes into account the best years of the previous 25. Unlike train drivers and

some other groups considered to be subject to special stress who have the right to retire at 50, Bank of France staff must stay in their jobs till they are 60 - with the option for senior staff to extend this until 63 years old.

Employees have other advantages, such as longer bolidays than most and a gross monthly salary of FF717,400 (\$3,600) a month - which the unions argue reflects the relatively high level of training.

personal and housing loans at up to 30 per cent below market interest rates. Women receive up to 33 weeks of paid maternity leave, against tha legal minimum of 16 weeks, and those who are ill can draw up to three months' pay each

banks, staff can receive top-up

The unions, which voted to continue their strike today, express concerns about general reforms to the country's social security system, but also face specific concerns.

A special works committee on December 19 is to discuss up to 800 jobs losses in its hanknote-printing division, and other management reforms could threaten staff in a number of other areas of the

Moscow signed with the republic of Tatarstan in February 1994, which ceded considerable

political boost to Mr Chernomyrdin, whose Our Home is Russia electoral bloc appears to be flagging in the run-up to the parliamentary poll on

Mr Chernomyrdin has long

# Moscow agrees and to autonomy deal with Chechnya

By John Thernhill in Moscow

Russia yesterday reached an outline political agreement with representatives of the Moscow-appointed Chechen government offering considerable autonomy to the Caucasian republic in an attempt to resolve their four-year power struggie.

But the deal, which comes nine days before parliamentary elections in Russia, appears to fall well short of a final politi-Relations between Moscow

and Chechnya hava been strained ever since the separatist leader Mr Dzhokhar Dudayev declared independence from the Russian Federation in 1991. But the dispute erupted into open conflict a year ago when Russian forces invaded the region in an attempt to toppla Mr Dudayev, causing the deaths of about 30,000 people and creating

415,000 refugees.
Mr Victor Chernomyrdin, Russia's prime minister, signed the agreement in Moscow with Mr Doku Zavgayev, the nomi-nal head of the Chechen Republic, promising to give the region a special status within

the Russian Federation. The Russian government also agreed to provide addi-tional financial resources to help rebuild Chechnya and compensate residents who had suffered in the recent conflict. The vaguely worded agreement, containing only the main principles of a final set-

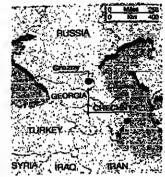
financial and political autonomy to the central Russian The deal comes as a welcome

championed a peaceful solution to the Chechen conflict which has badly tarnished Rusaia's image abroad. "Neither Dudayev nor any-

hody else can stop the peace process. We've been waiting for this moment for too long Mr Chernomyrdin said. Mr Zavgayev said: "This agreement will bring peace to every family. It will help to

determine relations with the federal bodies of power, resolve the outstanding social and economic problems, and restore the traditional cultural, economic and other ties with the regions inside and outside the

But it was not clear whether other Chechen politicians would abide by the agreement. Some Chechen leaders have vowed they will settle for nothing less than full independence and will oppose those seeking



Mr Zavgayev has been the target of several assassination attempts in the past few weeks and federal troops reported yesterday they had come under fire from Checben resistance fighters 25 times in the previ-

ous 34 hours. Despite the signing of a military agreement this summer, violence in the region has escalated ahead of a poll scheduled for December 17 to elect a new regional head. Some separatists have threatened full-scale civil war in the region if the elections go ahead as planned.

# Russian bank wins control of oil giant

By John Thornhill in Moscow

Menatep, one of Russia's most powerful hanks, yesterday secured control of Yukos, the country's third higgest commercial oil company, as the government continued to unfold its controversial privatisation programme.

The bank yesterday agreed to lend the government \$159m (£100m) in return for managing a 45 per cent state share-holding in Yukos until next year, but is expected to secure full ownership of the share packet thereafter.

Menatep also acquired a further 33 per cent of Yukos's shares through an investment tender in which it pledged to invest \$150.1m in developing tha oil company's assets. Like most Russian oil companies. Yukos has seen its production levels fall sharply as a result of the economic upheavals but expects to stabilise annual production at about 35m tonnes this year.

The government's privatisation programme, which is transferring blg parcels of shares in some of the country's most valuable semi-privatised companies to domestic commercial banks, is radically reshaping Russian capitalism. Bnt it bas also sparked

fierce rows within Russia's financial community and criticism from politicians.

Three other powerful Rus-sian banks - Inkombank, Alfa-Bank, and Rossisky Kredit which wanted to compete in the privatisation anction-for Yukos, alleged that Menatep was unfairly attempting to grab control.

Their complaints were rejected by the government and they did not participate in yesterday's auction.

Mr Anatoly Chnbaia, the first deputy prime minister esponsible for economic policy, forcefully defended the privatisation programme this week, arguing it was impossihie to pursue an "error-free" model of transferring assets to the private sector.

The privatisation programme has become highly contentious ahead of Russia'a parliamentary election sched-uled for December 17 and even some pro-market reform politicians have called for the share

transfers to be halted.
The Communists, leading in the opining polls, have accused the government of selling off the people's property too cheaply, but Mr Chubais said the state could only sell an asset for as much as someone was prepared to pay.

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France's adult literacy levels win poor marks from OECD In an overall ranking, it no word in French for literacy came just ahead of Poland, as it is understood in other lan-

By Andrew Jack in Paris

France suffers from levels of adult literacy substantially below the levels in a number of other developed countries, according to a confidential study prepared by the Organisation of Economic Co-opera-

tion and Development. Young French people aged 16-25 performed well, but older ones scored poorly, an indica-tion that workplace-based training and on-the-job skills development of adult employees needs improvement.

The figures were suppressed from an official report published last week by the OECD which examined the literacy skills of groups of people in all age ranges in seven countries. France spent more than FFr7m (£916,000) cootributing to the \$15m (29.4m) cost of the three-year research programme, but vetoed the inclusion of its own national results three months ago after seeing how low it scored.

which was in last position, and substantially behind the US, which was the third-worst. The top-ranking country was Sweden, followed by the Nether-

Part of the problem is that there is no word in French for literacy

lands, Germany, French-speak-ing Swiss, German-speaking

Swiss and Canada. measured.

the problem was that there is

Freoch government officials claim that statistics collected from the different countries were not comparable, that the methodology used in the study was faulty and that there was confusion over what was being One source said that part of

pression of the study.

guages: the nearest word for illiteracy means a complete inability to read. The OECD study was designed to examine three issues: prose literacy, or the

know-how to understand texts found in everyday life; document literacy, or the ability to respond to written information: and quantitative literacy. or the skill required for arithmetic operations. From the total group of people studied across the eight countries, 40 cent of the

French were in the bottom fifth in their prose literacy, 37 per cent in document literacy and 33 per cent in quantitative literacy. In all cases, they came just abead of Poland. Britain refused to participate. This appears to have been

sufficient to cause a political storm within the French government, and lead to the sup-While in some other counrelatively poor, the figures improved as people got older, suggesting that they continued to develop educationally once they went into the workplace. In France, by contrast, they appeared to stagnate at best.

ties at school-leaving age were

The school system appears to function well, but the hierarchical and authoritarian approach of French companies with the idea that the technocrats at the top know best - means that most workers don't get the chance to develop their skills," says one source with knowledge of the project.

It seems that France, like the UK, will take part in a new study, which will also involve Italy, Spain, Portngal and

Those who have seen the full OECD stody bope that the French will at least pay some attention in private to the lessons that they do not wish to air in public.

# Greek Socialists jockey for position

bile Mr Andreas Papandreou. Greece's prime minister, battles to stay alive, politicians in his Panhellenic Socialist Movement are abandoning any pretence of governing as usual An atmosphere of conspiracy has engulfed Pasok as rival

cootenders for the prime minister's job line up potential supporters ahead of what is expected to be a bitterly contested struggle for power. Cabinet ministers are abandoning the orange telephones used for direct communication

in favour of mobiles, which are thought by their advisers more difficult to tap. The Socialists' display of unity after Mr Papandreou was rushed to hospital on November 20 with pneumonia proved

short-lived. The cabinet's

hetween government officials

efforts to maintain an appearance of normality dissipated as his condition worsened. Mr Papandreou, 76, sat up

yesterday after being unconscious for most of the past 10 days. Doctors said he had shown improvement but were cautious about his chances of full recovery.

Mr Telemachos Hytiris, the media minister, repeats at his daily briefing, though in increasingly gloomy tones, that it is still too early to discuss a new prime minister.

Debate centres on the timing of Mr Papandreou's resignation and whether he will make known the name of his preferred successor to his wife Dimitra, the only person with unrestricted access to the intensive care unit at the Onasseion Cardiac Hospital where he is being treated. The cracks in Pasok's facade

are widening as a growing objections, say others, was that oumber of hackbenchers, scenting a chance to wield unaccustomed power, call for an immediate vote by the parliamentary group to choose a new prime minister. For the government, appar-

ently simple decisions have omed daunting proportions. it took several days of manoeuvring between Greek officials in Athens and Brussels before the acting prime minister, Mr Akis Tsochatzopoulos, received the go-ahead to replace Mr Papandreou at next week's EU summit in Madrid.

Some prominent Socialists argued that Mr Tsochatzopoulos, whose exposure to international affairs consists mostly of brief appearances at Socialist International meetings, lacks the experience to defend Greek interests at the summit. The real reason for their a successful performance in Madrid could give a decistve boost to his chances of holding on to the prime minister's joh permanently. However, foreign policy-making, which Mr Papandreou

used to handle personally, is on hold, with ministry officials more likaly to be found in nearby cases than at their desks. Mr Karolos Papoulias. the foreign minister and one of the prime minister's closest friends, has cancelled a visit to Bulgaria and spends much of his time at the hospital.

Only at the economy and finance ministries, responsible for getting the 1996 budget through parliament before the Christmas recess, are civil servants being required to keep regular hours.

It is good news for economic policy that neither Mr Yannos

Papantoniou, economy minister, nor Mr Alex Papadopoulos. finance minister, is a candidate to succeed Mr Papandreou. As a result they have time and energy available to repulse a campaign by the cabinet's radi-cal wing to undermine next year's tight wages policy. Both ministers are keeping

in close touch with the central

hank governor, Mr Loukas

Papademos, in case the leader-ship vacuum triggers a run on the drachma. Interest rates moved gradually upwards as Mr Papandreou's condition weakened, but are not yet giving cause for concern, according to central bank officials. The drachma fell against the D-mark when he was rushed to hospital but recovered quickly and has remained stable

Kerin Hope

مكذا من الاحل

## Happy ending to troubled Jupiter voyage

The accident-prone six-year voyage hy Galileo, the unmanned US space explorer, from Earth to Jupiter concluded triumphantly late on Thursday night with a 49-minute engine burn, which put the craft into a near-perfect orhit around the giant

At the same time, Galileo's companion probe parachuted as planned through the stormy Joylan Jovian atmosphere, transmitting what Mr Torrence Johnson the mission's chief scientist, called "an extremely detailed weather report, the most important weather report we'll ever get."

After about an hour the probe was destroyed by the beat and/or pressure of the gases above it.

Amid scenes of jubilation at the Jet Propulsion Laboratory in Pasadena, California, Mr Daniel Golden, head of Nasa, the US space agency, asked his project team: "Is this a great day or what?"

"I'm so proud of this Nasa team." he said. "They stuck with it. They had all sorts of problems to deal with and they never gave up."

The most serious problem was the failure of Galileo's main radio antenna early in its 3.7bn kilometre journey. The stand-by communications system being used instead is far slower and less powerful; it involves recording data on magnetic tape and transmitting it later from the craft's small navigational

As a result, the project team does not know yet what conditions the probe encountered as It descended through Jupiter's orange-coloured clouds. orange-coloured clouds. Scientists had forecast extremely turbulent weather, with winds up to 500kph and

violent thunderstorms. They hope that Galileo will transmit the prohe's measurements to them during next week. They could then announce preliminary scientific conclusions within 10

The 25-ton craft is expected to remalu in orbit for two years before plunging to destruction inside Jupiter's

During that time, Galileo will take pictures of the planet itself and eight of its 16 known

rings - far fainter than those of Saturn - and measure its Intense magnetic fields and associated swarms of dust and electrically charged particles. By the end of the \$1.5hn mission, many of the project

scientists will have devoted more than 20 years to lt. They started designing

Galileo in the mid 1970s as a follow-up to the Voyager fly-by missions, andsuffered years of delay and forced re-designs before the craft was launched in 1989.

But nothing still to come is likely to match the emotions felt on Thursday night. "You wait 18 years; when it

comes to that moment you sald Mr Wesley sweat." Huntress, Nasa's bead of space

"Then tears come to your eyes, you throw your hands up. That's what makes this

INTERNATIONAL NEWS DIGEST

# Pension reform row in Mexico

A law to reform Mexico's state-ron pension system was approved early yesterday by the national chamber of deputies, after a stormy all-night session that almost split the ruling Institutional Revolutionary Party (PRI).

In order to maintain party unity, PRI leaders made last minute changes to the bill, modifying it almost beyond recognition. The PRI was the only party to vote for the reforms, which were opposed by the conservative National Action party and the left-leaning Revolutionary Democrats.

President Ernesto Zedillo's original intention was to introduce a law that would privatise the management of retirement savings, currently under the auspices of the Mexican Social Security Institute (IMSS), a mammoth hureaucracy with more than 300,000 employees, and a budget bigger than that of Pemex, the state-owned oil monopoly and

Mr Zedillo's hill sought to create private-sector pension fund anagement companies, fashioned after the Chilean system

that was privatised 15 years' ago.
The opposition of many PRI deputies, however, led to amendments that kept the IMSS in charge of pension fund administration, although contributors will have their Leslie Crawford, Mexico City individual accounts.

#### Hata bid to lead opposition

Mr Tsutomu Hata, a former Japanese prime minister, yesterday launched a bid to take over as president of Japan's main political opposition group, the New Frontier Party.

Mr Hata, who was Japan'a shortest reigning post war prime minister, for two months last year, said he would compete in the NFP's first leadership election since its formation from the merger of nine small opposition parties a year ago. Mr Hata, deputy head of the NFP and a former finance minister, is

popular with Japan's bureancracy and seen as a safe and

competent leader by the husiness community. The current NFP leader is Mr Toshiki Kaifu, another former prime minister, who has been criticised by NFP members for failing to differentiate the centre-right NFP from the conservative ruling Liberal Democratic Party. Mr Ichiro Ozawa, the party's secretary general and political strategist, has also hinted in recent days that he might compete for the job. His calls for a more open and assertive government hava won support in NFP ranks.

#### Vietnam debt talks threatened

Fragile negotiations between Vietnam and its commercial creditors over the rescheduling of about \$80m in arrears are under threat from a small, British Virgin Islands-registered company which is taking a Vietnamese bank to court in London for repayment of \$2.2m of the debt, bankers and

The move has unsettled bankers and the Vietnamese government, as both are locked in tough talks over the terms of what would be Hanoi's first attempt to settle commercial, or London Club, deht. Resolving the issue would sharply reduce Vietnam's sovereign credit risk and improve the scope of foreign bank lending to much needed infrastructure projects. Abhotsford Investments, the British Virgin Islands company,

is understood to have hought a slice of Vietnamese debt on the secondary market in 1994. This amount represents a loan made to Vietcombank, a state owned bank, by Italy's Banca. Commerciale Italiana in 1979. Abbotsford has demanded repayment of the loan at full value. Vietcombank refused, saying it was still in talks over its entire commercial, or London Club, debt. Hanoi's \$500m debt is mostly in Vietcombank's name. Jeremy Grant, Ho Chi Minh City

#### Pesticide phase-out is agreed

Industrial countries have agreed to cut the use of methyl bromide, a widely used fumigant, as the next stage in their efforts to halt destruction of the ozone layer.

Environmental ministers agreed in Vienna this week to reduce use of the sobstance by 25 per cent by the year 2001, followed by a 50 per cent cut by the year 2005, with phase out by 2010, subject to exemption for certain critical agricultural uses. They also agreed to bring forward the phase-out of HCFCs, used for refrigeration, from 2030 to 2020. Developing countries are to get less stringent targets. Methyl bromide is widely used as a pesticide, particularly in

#### Honda may build US plant

Honda is considering manufacturing minivans in North America, one of the fastest growing vehicle sectors. The Japanese carmaker said no decision had been made on what kind of minivan Honda would make, where in North America it would do so and when production would begin. Toyota has announced that it will start producing a minivan in the US in the spring of 1997. Most Japanese carmakers. including Honda, export their minivan models to the US. But the ven's appreciation has undermined the cost competitiveness of cars made in Japan and hurt the companies' profitability. Michino Nakamoto, Tokno

■ Malaysia's state-owned Petronas oil company yesterday signed two gas and petrochemical deals, estimated at billions of dollars, with five foreign partners and a local company. One agreement was for the construction of a liquelled natural gas plant in Malaysia with Japan's Nippon Oll, US-owned Occidental LNG and Shell Gas of the Netherlands. The other was for the building of a \$300m (\$118.5m) vinyl chloride monomer plant, also in Malaysia, with locally based Land &

General and Japan's Mitsui. Gas from the new project is expected to be taken up by traditional buyers Japan, South Korea and Taiwan and new markets in India, China and Thailand. Reuter, Eugla Lumpin

# **Figures** on US chance of rate cut

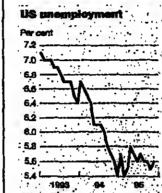
By Michael Provise in Washington

Speculation that the Federal Reserve will cut interest rates this month mounted yesterday following the release of lackhistre jobs figures.
The US Labour Department

said the jobless rate rose to 5.6 per cent from 5.5 per cent in October. On Wall Street, bond prices rose sharply in early trading on hopes that the Fed would cut rates at its policy meeting on December 19 even if Congress and the White House had not agreed a deal to balance the federal hudget. By midday, the benchmark 30 year bond was up 1 to yield 6.04 per

Many economists, however. believe the Fed will not ease rates without a credible budget deal and then by only a token quarter point, reflecting its concern that wage inflation could accelerate given the low jobless rate.

Non-farm payroll employ ment rose by 166,000, roughly in line with market projections. However, economists said job growth would have been under 100,000 but for technical factors including a lon-



ger-than-average survey period and revised seasonal adjust-ments. Officials also revised employment data for October to show an increase of 66,000 rather than the 116,000 previ-

Starce FT Exel

ously reported.
Manufacturing employment
fell by 32,000, indicating many companies are paring production to reduce stocks of unsold goods. Service industries such as retailing and healthcare, however, showed significant job gains. The data followed a series of

weak indicators pointing to significantly slower growth this quarter than the annualised real rate of 4.2 per cent reported for the July-Septemperiod. Som are warning of the risk of recession next year if the Fed does not ease monetary policy.
The Fed cut the federal funds rate - the rate at which banks lend to one another - by a quarter point to 5.75 per cent in July. However bond yields have since fallen sharply reflecting greater optimism or inflation and projections of sluggish economic growth Yields on Treasury securities of maturities up to 10 years are now below the federal funds rate, signalling that investors

the near future. President Bill Clinton said speculation that he was leaning toward appointing Mr Alar Greenspan to a third term as Federal Reserve chairman was "very premature". Mr Greenspan enjoys the strong backing of both the financial community and the Republican-led

expect the Fed to ease policy in

# Japanese move closer to jobs raise liberalising telecom market

Japan's telecommunications authorities vesterday signalled a greater willingness to deregulate the country's telecoms market by indicating that, in principle, barriers between local and long-distance telecoms operations and between domestic and international operations would he removed.

Mr Issei Inque, minister for the future status of NTT. posts and telecommunications, said measures employed by the ministry to restrict the entry of telecoms operators into one another's markets would be

ever, at this point only apply to carriers other than NIT and KDD, which are individually regulated by specific laws. Whether NTT, the country's largest operator, and KDD, the largest international operator, are allowed to enter each other's markets would be left up to the Telecommunications Council, an advisory panel to the minister which is deliberat-

Japan is the only leading industrialised country which clearly separates domestic and international operations. At present, NTT and KDD are legally prevented from enter-

ing each other's markets, though both, have indicated an interest in doing so.

The telecoms authorities say. there are no legal restrictions on other carriers entering different market sectors. However, in practice, "sdministrative guidance" has prevented the free entry of operators into different sectors of the market. The ministry has broad authority to determine whether specific markets have room for new entrants.

Mr Inoue's remarks came as calls mounted for greater liberalisation in Japan's telecom-munications market. A report published by a government

day called for bold deregulation of rules restricting entry into the market as well as a break-up of NTT to further competition in the domestic market

The ministry's policy declaration drew cautious applause from the business community. "What the minister has said he intends to do is a dramatic move, if it is really put into action," said an official at the Keidauren, Japan's most influ-ential husiness organisation. "It will make it easier for foreign companies to do business' in Japan, "which is something we really welcome."

#### BEIJING'S BOY CROWNED



Gyaincain Norbu, 6, presents a ceremonial scarf to Li Tieying, the Deputy of China's State Council or cabinet, after being enthroned as Tibet's Panchen Lama yesterday, China is pressing Tibetan Buddhists to accept its controversial choice for Tibet's second-ranking monk over one named by the exiled god-king, the Dalai Lama. A grand ceremony in the Tashilumpo lamasery in Shigatse city enthroned Gyaincain Norbu as the "soul boy" recipient of the spirit of the 10th Panchen Lama, who died in 1989. China's action left Tibetans with a stark choice between two Panchen Lamas: Beijing's boy and Gedhun Choekyi Nyima, also 6, named in May by the Dalai Lama, who lives in India and is accused by China of favouring independence for Tibet. Exiled Tibetan and buman rights groups have expressed concern over the fate of Gedhun Choekyi Nyima, who is reported to have been AP. Beiring

# Red faces over a pink folder

A leaking of documents suggesting senior Brazilian pol-iticians received illegal campaign financing in 1990 con-gressional elections has stirred political crisis which threatens to delay approval of several important government measures due to be approved by Congress this month.

The documents purport to show many senior politicians were sent campaign contributions by a private sector bank and the national bank federation (Febrahan). At the time. such campaign donations were illegal although widesprea

While the named politicians are unlikaly to he charged; even if the contributions are proved, the list is an embarrassment for them. The central bank, seen by some politicians as responsible for the leak, has been harshly criticised, with calls for the resignation of its president, Mr Gustavo Loyola. Central bank officials found the list among documents in a pink folder in the offices of Banco Econômico, put under central bank administration earlier this year after a liquidity crisis, and catalogues 42 politicians alongside coded

numbers. Some analysts sus-

pect the codes refer to payments, since other documents found in the pink folder include campaign cheques and

Among the named politicians are two ministers in Mr Cardoso's government, including
Mr José Serra, planning minister. Mr Serra yesterday denied
any involvement in the case
and called for all documentation to release publicly.

tion to be released publicly. Two of Brazil's most power ful politicians, Mr Antonio Carlos Magalhães and his son Luiz Eduardo, were also named in the documents. Both come from the northern state of Bahia and were opposed to central bank intervention in Banco Econômico, also based in the state. Members of their Liberal Front party (PFL), part of the ruling coalition, are demanding the resignation of central bank directors they say

are implicated in the case But Mr Claudio Mauch, a central bank director, rejected the calls. "The directorate of the central bank does not leak documents," he said.

Brazil's election rules until recently banned companies and banks from making campaign contributions, aven though nearly every politician

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# South African unions threaten strikes over sale of state assets

By Roger Matthews In Johannesburg

South Africa's trades unions reacted angrily yesterday to the government's plans to speed the reorganisation of the state sector and seek minority equity partners for South African Airways and Telkom, the telecommunications company.

The Congress of South African Trade Unions (Cosatu) said it had heard the announcement by Mr Thabo Mbeki, the deputy president, with "shock and disbelief", and accused the government of reneging on a series of agreements. Any public enterprise

which goes ahead with unitateral restructuring, with or without government approval, will feel the wrath of our members," said Cosatu. "We will also deal with those sharks who are attempting lo colonise public assets as their own private property.

Union leaders are to see min-

isters on Monday, and warned yesterday that if there was not a change of attitude by the government they would consider mass action, including

The row marks the first serious rift in the political alliance between Cosatu and the African National Congress, which heads the government of national unity

Mr Cyril Ramaphosa, secretary general of the ANC, vesterday praised the government's "consultative process" in seeking a common perspective on the future of state assets, but Cosatu said it had been totally ignored and was being asked "to rubber stamp

someone else's agenda". Cosatu leaders said that only a week ago they had agreed with the government that no state sector recommendations would be made without full consultation, and that a moratorlum would be placed on restructuring until an overall policy had been accepted. The cabinet decision to cre-

ate a new sub-committee, chaired by Mr Mbeki, to push the process forward also reveals the frustration that has been building over the lack of enthusiasm shown by Mrs Stella Sigcau, the minister of state enterprises, particularly in regard to possible privatisa-

The cabinet bas already decided the proceeds from any sales should be used to reduce official debt and to cut servicing costs which absorb nearly one in every five rands of government revenue.

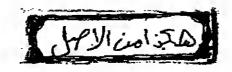
With pressure on the budget mounting, the government appears to have decided that it must seek additional sources of Telkom has long been

regarded as a prime target for partial privatisation, and Mr Pallo Jordan, the minister for posts and telecommunications. said in February that it should ties for private investment.

consider taking a minority partner if it was to achieve its goal of installing 1m telephone lines in the next five years. The development of South African Airways, and the opportunities that exist for interna tional expansion, bave also marked it oot as a ready candidate for a foreign equity part-

Ministers will not say how much of either company may be sold, but an initial offering of 20 per cent has been mentioned. The government may also seek to appease the unions hy including a share offering to employees.

The private sector bas warmly welcomed the government's approximement. Mr Ray mond Parsons, director general of the South African Chamber of Business, said the govern ment move would help build confidence in its economic policy and provide new opportuni



By Raiph Atkins, insurance Correspondent

Lloyd'a of London toughened its stance vesterday towards recalcitrant lossmaking Names by announcing the closure from next February of its "bardship" scheme, which allows the worst-hit to maintain a modest standard of living.

The move appeared aimed at marshalling Names - the individuals whose assets have traditionally supported Lloyd's - behind the market's recovery

plan launched in May, If £2.8bn funds available under recognised". The closure of tha being withdrawn to clear the successful, the plan would, like the recovery plan for hardship scheme could affect backlog of applications before the hardship scheme, offer all loasmaking and litigating tha 906 Namea who as implementing the recovery Names "finality" - a cap on their liabilities so they can leave the market.

But it is unclear whether, under the plan, Names would be able to obtain better terms than the benefits available through the hardship scheme. This allows joint disposable income of £17,500 (\$26,950) a year and a modest bouse.

The decision was attacked last night by Names' groups, many of which fear that the Names will be insufficient. Mr Robert Miller, of the Association of Lloyd's

LLOYD'S OF LONDON Members, said: "The ALM is suspicious and doubtful as to

exactly what it means." Names

had been victims of more than

commercial misadventure and

we think that ought to he

February. Fresh applications were halted last year although Names in negotiations with Lloyd'a can still be referred. Some 1,066 hardship proposals have been accepted since the scheme began in 1989. Subsequently the market bas reported losses of more

applications are being

processed and which have to

ba agreed by the end of

Lloyd's said hardship was

plan next spring - assuming approval by Names. Mr Philip Holden, head of financial recovery, said: "We can't settle problems with the whola market and still have a subset that gets particular benefits." Lloyd'a insiders said the

move would atop Names deliberately delaying hardship talks and regarding the benefits available as a starting point: It also made clear that the recovery plan was the best option for Lloyd's and highlighted the grim outlook for Names if the plan failed.

A row also erupted over whether Names should try to prevent Lloyd's agents handing over rights to the reinsurance company, Equitas, which is intended to take over old liabilities and provide "finality" to Names as part of the recovery plan. The Names associations' working party fears Names are baing steamrollered into accepting Equitas before it is approved by regulators.

Two-tone

£2 aims

to foil

forgers

By Our Political and Consultriustries Staffs

The Royal Mint will introduce

into general circulation by next autumn a two-tone £2

(\$3.08) coin and a smaller 50p piece, Mr Kenneth Clarke, the

chancellor of the exchequer,

announced yesterday. Apart

from commemorative issues, it

will be the first £2 coin and

A higher-value coin will be part of a world-wide trend,

said Mr Tim Waite, bead of

research and development at

Mars Electronics Interna-

tional, the vending machine subsidiary of the chocolate

maker. More valuable than a

£2 coin are SwFr5, DM5 and

The £2 coin, broader and heavier than the present £1, will have a light-coloured cen-

tre and a gold-coloured outer ring. The design is yet to be

settled, with the task of choosing the tails side motif being left to a committee chaired by Prince Philip, the

The new 50p piece, retaining

the distinctive seven-sided

shape, will be only alightly smaller than the current coin

The £2 coin was welcomed

hy makers of vending machines, who said it would

encourage retailers to stock

more expensive items in machines while the dual-metal

composition would make forg-

ing harder. The number of

fake £1 coius has risen in

Names suggested for the

new coin yesterday included

recent years.

but markedly thinner.

FFr20 pieces.

Queen's basband.

ish coin of modern times.

# Satellite TV operator claims 5m customers

British Sky Broadcasting, the satellite television operator which is controlled by Mr Rupert Murdoch, claimed yesterday it now has a total of 5m customers. The total covers people who watch BSkyB channels in Britain and Ireland, on cable and established in watch and alube. Mr David Flateta. and satellite and in pubs and clubs. Mr David Elstein, BSkyB director of programmes, said yesterday that the 28 Sky channels now reached more than 20 per cent of the British television audience. On Thursday night Mr Elstein announced that more channels were on the way - including an arts channel an educational channel, a games channel and a computer channel. BSkyB said yesterday it was spending £120m (\$184m)

Meanwhile UKTV, one of the losing bidders for Britain's Channel 5 broadcast franchise, was last night considering an appeal against a High Court refusal to allow a full judicial review against the Independent Television Commission decision. Mr Justice Dyson refused the consortium, led by Canwer Clobal Commissions of Canada paraging of Canwer Clobal Commissions of Canada paraging of Canada CanWest Global Communications of Canada, permission to go to judicial review. Both Virgin Television and UKTV were failed on the grounds that they did not meet the "quality threshold". Raymond Snoddy, Consumer Industries Staff

#### Export information review set

The British government is to mount a review of its export intelligence service to make it more relevant to small and medium-sized companies. The Lahour opposition has been pressing for reforms to the service, which it claims spends its time producing "large and generalised reports" of use mainly

to large companies. The EIS is an arm of the Department of Trade and Industry and gathers information on new selling opportunities abroad. The information is processed into report form by Prelink, a private sector company. Most small companies pay an annual subscription to Prelink of £250 (\$385), hut Labour trade spokes woman Mrs Barbara Roche claims they do not get a good deal. The DTI has the resources to provide the necessary information, and I find it astonishing they choose to help large firms at the expense of small firms." George Parker, Westr

#### Order for military satellite

Matra Marconi Space is set to win a £100m (\$154m) order to build a military satellite for Britain's Ministry of Defence. The Skynet satellite will provide communications for UK armed forces operating in theatres ranging from the Falklands to the Middle East. MMS is already building two new generation. Skynet satellites, worth £300m, and will be the prime contractor for building and launching the satellite.

George Parker

transfer of business ownership and collective redundancy directive. The unions – the GMB general union; Unison the public service union and the NASWT teachers' union – are challenging the government's guidance in three areas. These involve the decision to exclude employers where fewer than 20 employees are made redundant which accounts for 96 per cent of redundancies; to allow employers to choose which employee representatives to consult with; and not apply the regulations over dismissal after business transfer to employees with less than two year's service. Robert Taylor, Employment Editor

#### Speaker has sell-off 'concern' Serious reservations about the



government's proposal to privatise the Stationery Office

husiness was "particularly vital to the House of Commons" she said HMSO's overnight printing facility in inner London was "a costly facility". There must be some anxiety, she said. "that a private sector owner would be tempted to experiment with cheaper methods."

organisation or sale to an overseas buyer" because this "could pose serious, perhaps unacceptable, problems for the House". Her intervention comes when her role has come under unusual scrutiny, following allegations from Tory MPs that she favours Labour in the way she manages parliamentary. Robert Peston

#### Store wars on the cards

Tesco, the UK food retailer, bas found its Clubcard loyalty scheme gaining favour in unlikely places: rival retailer Asda is offering to redeem the money-off vouchers issued by Tesco to

Neil Buckley, Consumer Industries Staff

track.

# Party chief | PM challenges Adams on IRA arms

## sees risk of war

By George Parker at Westminster

in Europe

Europe could be plunged into war within 20 years if protests on the streets of Paris are a harbinger of the death of economic and monetary union, Mr Paddy Ashdown, leader of the centrist Liberal Democrat party, will warn tomorrow

In a cataclysmic interpretation of events in France, Mr Ashdown warns that the future of the continent is on a knife-edge. He predicts that if the French government is forced to by public unrest to abandon economic reforms designed to pave the way towards EMU, the European project will quickly unravel.

"The future of Europe is now being fought out on the streets of Paris." Mr Ashdown says in an interview for BBC televislon. "If that drives the French government off course, monetary union - in the face of British scepticism - is unlikely to come about."

He insists that the abandonment of EMU would lead to the reversal of 30 years of European integration, "We will see the return of Europe to competitive states and - in my view - war, or at least conflict, either within the European borders or outside the European borders, within two decades." Mr Asbdown, as leader of Britain's most pro-Eu-ropean party, realises his views are unfashionable, but his enthusiasm for monetary

union has not been dented. He says nationalism is already evident in Germany and in certain elements of Britain's Conservative party. tion, including EMU, is the only way of bolding the conti-

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Mr John Major, the prime minister, yesterday urged Mr Gerry Adams to decide whether he is a peacemaker or a "straightforward spokesman for a terrorist organisation". Mr Adams is president of Sinn Fein, the political wing of the Irish Republican Army.

His attack came after the IRA had decried as "ludicrous" the UK's government's insistence that it abould surrender arms as a precondition of Sinn Féin'a participation in all-party talks on a constitutional settlement for Northern Ireland.

Mr Major aaid the IRA's refusal to give up before allparty talks was a "slap in the face to the bundreds of thousands of people in Northeru Ireland and the republic" who in the previous week applauded President Bill Clin-ton's call for a lasting peace. The governments of Britain

and the Republic of Ireland moved quickly yesterday to preveot the IRA's statement from sahotaging their twin-track approach to the peace process. The approach consists of preparatory political talks and a review of the "decommissioning" of paramil-



Sir Patrick Maybew (left) and Dick Spring beld talks about the IRA in London yesterday

itary weapons by an interna-tional body.

After a meeting between Mr Dick Spring, the republic's deputy prime minister, and Sir Patrick Maybew, chief minister for Northern Ireland in the British government, the two to co-operate with the international body, which will start taking evidence in Ireland next week. Mr John Bruton, prime minister of the republic, reminded Sinn Fein that it had "stated that they will speak authoritatively to the international body on the issue of IRA weapons". "The message of all those people to the paramilitaries was that their day was over and that now was the time to put away guns, give up violence forever and make peace", said Mr Major.

British government officials were taken by surprise by the IRA's statement, issued late on Thursday night. Their timing is extremely puzzling, " said an official. The IRA accused the British government of seeking to "frustrate movement" to allparty peace talks by erecting "an absolute barrier to progress with its untenable and unattainable demand for an IRA surrender

Mr Adams said the British government's position on decommissioning "flies in the face of the international experience of conflict resolution".

Mr Tony Blair, leader of Britain'a opposition Labour party, said he boped the IRA'a statement "does not stand, because if it does it puts a great difficulty in the way of the peace process which it is

# Beef prices plunge in 'mad cow' scare

By Deborah Hargreaves in London

Prices of beef cattle plunged by £100 (\$154) yesterday at one of Britain's main auction markets where prime bullocks sold for less than £600 each following scares about "mad cow dis-

Mr Tim Brassington, chief auctioneer with Whirledge and Knott at Chelmsford in eastern England, sald he had struggled tle be would normally sell at retail chains, the largest in thy and were bitter about what this time of year. "It is the Britain, said beef sales had they see as a media hype. "It's worst thing I've ever seen in dropped off in the past week.

my 30 years as an auctioneer." be said, "Last time the scare came in the middle of the summer, but now it's the height of the beef season,"

Meat sales are usually high in the run-up to Christmas, but there are signs that consumers are turning to other meats such as lamb and pork. Mr Brassington said that lamb prices increased by 5p per kg and pig prices by 10 to 15p per kg at yesterday's auction.

Sainsbury and

but not by a significant amount. Britain's Meat and Livestock Commission has already noted a decline of 5 per cent in beef sales and expects them to drop further.
"It spells disaster for a lot of

farmers who produce beef specifically to sell this week and next," said Mr Jim Watson at Midland Marts, one of the UK's largest auctioneers.

Farmers were concerned about the latest scare over scaremongering of the Worst

kind." said Mr Martin Burtt, a Yorkshire livestock farmer. "We wonder if there is someone out there who is out to get this industry."

The latest scare over BSE comes as scientists publicly dispute whether it is safe to eat beef. The government has repeatedly tried to reassure the public that British beef is safe to eat. A growing number of municipal authorities have said they will stop using beef

# **Deadlock persists**

Telecommunications operators in the UK face a further period of commercial uncertainty after Mr Don Cruickshank, the industry watchdog, said he had been unable to agree important

Mr Cruicksbank had been expected to announce yesterday the charges BT's competitors have to pay in the current year for concection to BT's network for the transmission or delivery of calls. The announcement bad already been delayed from September 30. He said, however, the determination would be delayed until January next year after BT disputed the basis of his calculations.

Because BT operates the

large proportion of their operating costs and are therefore critical to their commercial

The delay in announcing new charges will be especially serious because BT has refused to send final bills to its competitors for the years 1992-93 to 1994-95 until the issue is settled. Mr Cruickshank, directorgeneral of telecommunications. said he regretted the delay, recognising that continued uncertainty was undesirable.

The dispute has arisen over the costs included in the calculatloo of interconnection charges. Mr Cruickshank proposed to exclude costs such as vacant accommodation, the chairman'a office, redundancy. restructuring and pensions.

marily intended to enhance

# Joe Rogaly, and kilo (two pounds in weight is equivalent to almost on telecoms charges

By Alan Cane in London

price changes with British Telecommunications.

Mr Cruickshank said that

rival operators should not be paying BT's redundancy costs: "the costs of BT's past inefficiency or for a programme pri-

Unions win legal ruling The High Court yesterday granted a judicial review to three trade unions of the UK government's regulations requiring employers to provide employee representation in cases involving the European Union's acquired rights directive over the



ment documents, have been expressed by Miss Betty Boothroyd, Speaker of the House of Commons. In a letter to Mr Tony Newton, leader of the House, Miss Boothroydsaid she had "concerns about the possible consequences both short- and long-term of privatising a public sector organisation which has in general given good and reliable service to the House". Pointing out that the printing of

town.

Hansard, the daily record of debates, and other parliamentary

She urged Mr Newton to prevent "fragmentation of the

card holders in its own stores. Tesco has written to the watchdog Advertising Standards

Authority complaining that newspaper adverts for the Asda offer, running in seveo UK stores, unfairly exploit the goodwill attached to the Tesco brand name. The authority has the power to han the adverts, but Tesco admits it can do nothing to the Asda scending the Watshare Unsharehad Asda scending the Watshare Unsharehad Asda scending the Watshare Unsharehad to stop Asda accepting the vouchers. Unabashed, Asda said its Clubcard promotion was so successful it was considering extending it.

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#### only universal network in the UK. virtually every call passes through some part of its network. The charges operators pay to BT for this make up a retail profits".

Chaos on the railways in snow is becoming an English tradition almost as venerable as the changing of the Guard at Buckingham Palace or the rediscovery of the Beatles. The expression "the wrong type of snow", used by a railway official to explain winter chaos about five years ago, has entered popular

Complaints about the railways go back a long way. The Financial Times reported in December 1895 that customers of the London, Chatham and Dover Railway had convened a meeting to "protest at the habitual unpunctuality of the trains." After a long and lively debate, the paper reported, "the chairman declared the votes 'about evenly divided' and the meeting dissolved in An attempt to halt rati privatisation because mini-Monday. mum service standards had been set too low was rejected yesterday by the High Court in London. Mr Justice Macpherson ruled that the franchising

Wrong snow' again halts trains

soon-to-be privatised train operating companies. The Save our Railways pres-sure group, which brought the

director, Mr Roger Salmon, had not acted unlawfully in

setting service levels for the

The London, Chatham and Dover bas long aince disappeared into the national state network, but the lines which were built by the company in the southern county of Kent remain, and have been among those worst affected by this week's barsh weather. The "wrong type of snow" has

legal action, said it would appeal against the ruling on

The judgment removes the last serious obatacle to the sale of the first three train operating franchises which are expected to be announced on Tuesday. The judge said it was never intended that the starting point for franchising should restrict Mr Salmon to the "straitjacket" of the present timetables, be added.

Trains have been cancelled. lines have closed and the City of London has again been vexed by the failure of the state-owned rallways to bring its workforce to their offices on time. Yet the snow which has caused all the trouble has seldom reached a depth of more

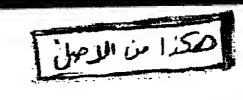
than 10cm. The disruption is baing

blamed on the "third rail", a system that was revolutionary when electric trains started to supersede steam traction dur-ing the First World War. Instead of gaining their power from overhead cables, trains in much of southern England still use pick-ups that slide along a third rail laid alongside the

More recent electrification schemes elsewhere in Britain use overhead cables. De-leing fluid was sprayed at night on "third rails" all over the south, but the temperature

fell soon afterwards, and rain washed the fluid away. By the time the trains were ready to start in the morning, the temperature had dropped again, the "third rails" were again coated with ice and the trains were starved of power.

Slow train coming, Page 9



folklore.

Laporte lost nearly 2330m of its market value yesterday as the speciality chemicals company warned that 1995 profits would fall 10 per cent below last year's mark

It also announced £85m in exceptional charges for restructuring and asset write-

The shares plunged 22 per cent from 783p to 610p. After only nine weeks as chief executive. Mr Jim Leng, former chief of Low & Bonar, the packaging group. announced an aggressive rationalisation plan and said he was introducing "greater disclosure" within the com-

He said the forecast decline in pre-tax profits - last year they rose to £122.5m (£107.4m) was prompted by a downturn in some of its markets, including construction, bulk polymers and water technology. Trading conditions in Austra-lia and South America were City analysts, who had been

expecting 1995 pre-tax profits to rise to £140m, were shocked at the severity of the warning. They have given no past indication that the pressures on trading have been anything like this", said one analyst. "I accept trading conditions are difficult hut I am amazed profits are falling this much."

Mr Leng, who was chief executive for only five weeks when Mr Ken Minton, chairman and former chief, retired, said the £85m exceptional charge would include £50m for restructuring, £30m for asset write-downs and 25m on the write-back of goodwill following four disposals made in 1995.

The company is likely to close about 10 per cent of its near 100 plants, cutting hun-

Mr Leng said the cash ele-ment of the exceptionals was £30m, which would be paid for by disposals and property sales. It is understood the

The group said profits would be further depressed by a £2.3m reduction in pension credits and £1.5m in non-trading revenues resulting from the group's 1993 withdrawal from a joint venture with Solvay, the Belgian chemicals

Interest charges would rise by £5m following an £80m capital expenditure programme and £30m spent on acquisitions during the year. Net debt would be £190m, giving yearend gearing of about 60 per cent and interest cover of around eight times.

One analyst, who scaled back his 1995 pre-tax forecast to £112m said: "I do not think that all of the fall in profits relates to a sudden downturn in the third quarter. There is obviously an element of clearing the decks." Mr Leng and his wife yester

day purchased 5,800 shares each at 628p to deposit into our performance - Mr Robin-son has".

# Forte forecast at top of City expectations

By Scheherazade Deneshkhu, David Wighton and Raymond

Forte, the hotels company fighting off a £3.2bn hostile bid from Granada, yesterday issued a defence document forecasting a 46 per cent rise in underlying pre-tax profits to 31 1996. This was at the upper end of analysts' forecasts.

It said that under new management, put in place by Sir Rocco Forte since he became chairman in 1982, the company's profits had trebled and cashflow had been rebuilt. Sir Rocco said the bid. launched over two weeks ago

by Mr Gerry Robinson, Gran-ada chief executive, was inadequate: "Coming at an early stage of the cyclical upswing. it is an attempt to acquire on the cheap the value the new management team is creating." Forte's less-than-sparkling share price performance had been because "the market has not understood the general sit-uation in relation to cyclical

Sir Rocco coce again urged shareholders to reject the bid which he said had "no com-

If Forte succeeds in fighting off the Granada bid, Mr Roberto Mendoza of. JP Morgan will be able to cisim that he

has twice ridden to the Forte family's

Mr Mendoza has been brought in as "strategic adviser" by Sir Rocco Forte.

The two were boyhood friends at

Downside, the Catholic boarding school near Bath, and were also together at Oxford. In 1971 hs played a crucial role

in helping Lord Forte fight off the bid

from Allied Breweries. Lord Forte

needed to borrow £2m over a weekend, and was able to get hold of the bank's

recovery and the potential of



Keith Hamill, left, with Sir Rocco Forte and Sir Anthony Tennant, deputy chairman

A tireless friend returns in time of need

whether the hid should go now close to 625p, the level at ahead. The company said it which £1.8bn of Granada expected "overwhelming support" from sharebolders... It also dismissed yesterday's

11p fall in its shares to 634p. "Share prices always fructuate during a bid," it said. Analysts pointed ont, how-On Tuesday, Granada share-holders will meet to vote on final dividend, the shares are

shares have been underwritten to provide the cash alternative. Were the offer to be raised. the underpinning bught have to be at a lower price, further increasing the cost to Granada," said one analyst.
Mr Kelth Hamill, Forte's
finance director, said it was

time to destroy the myth that hotels did not generate cash. Operating cashflow was recovering strongly and would "comfortably" exceed dividend payments after £175m of investment in capital pro-grammes. The hotels business this year was generating net cashflow of more than £100m.

ing hotel properties while retaining management con-tracts was fast becoming an attractive one as the hotel market strengthened. The company, which announced plans earlier this

week to demerge its restaurant business into an independent company, said it intended to do so by the middle of next year. Granada's Mr Robinson said he was "deeply under-whelmed" by the Forte defence document. "We had a team of people standing by to respond.
They've gone There's nothing weighty to respond to." He added that Sir Rocco had concentrated on the company's performance since 1992 when he took over the chairmanship. "He was chief executive for 12 years before that," said Mr

Robinson, adding thataction could have been taken to improve the Little Chef chain before now. Granada also argued that Forte's profit forecast was slightly below market expecta-

tions of six weeks ago and that in the document little was said about the capital structure of the Forte de merger plan. Granada decided against rushing out a formal statement to shareholders last night but

will be sending an analysis of the Forte position to them in the next few days.

# Rising input costs cause chain reaction

Speciality chemicals companies are seeing results hit by a number of problems. Motoko Rich reports

ing from Laporte, the speciality chemicals company, may have con-founded analysts with its

severity. But in industry terms, it confirmed what other companies have been saying: trading conditions bave deteriorated

Whether it has been weak

underlying demand, rising raw material prices or destocking as customers run down stocks acquired as an insurance against these increases, the news has not been particularly good for the speciality sector. Earlier this week Allied Colloids blamed swingeing raw materials price rises for a 16 per cent decline in interim pretax profits. And BTP, although reporting higher interim profits, said raw materials price

slump in its adhesives and textile coatings business. Last mooth, Courtaulds, one of the sector's largest companies which this week anounced a management reshuffle, said sharp variations in bulk chemicals prices caused a 16 per cent decline in

rises led to a 38 per cent profit

pre-tax profits. prices

**UK** chemicals FT-SE-A Indices rebased

Dec'94

Courts, the furoisbings

retailer, reported a sharp rise in interim pre-tax profits.

helped by the proceeds from

the sale of part of its stake in a

Singapore subsidiary.

Despite the sale, the group

said it was committed to fur-

Net profit of £4.81m on the

disposal lifted pre-tax profits from a restated £5.05m to

£8.87m in the six months to

Excluding the exceptional

credit, however, profits fell almost 10 per cent to £4.06m

on turnover of £137.2m

ther expansion overseas.

1993 and early part of 1994 fol-lowing a worldwide upturn in demand and a simultaneous

squeeze on supply.
As raw material prices rose, manufacturers tried to pass on some of these increases but sluggish demand has meant that those close to the retail chain have found it difficult to push through substantial

Mr Philip Lowe, chairman of Yorkshire Chemicals, which makes textile dyes, said: "In the markets we service our customers have not been prepared to consider an increase in price," Companies which have raised their prices have risked damagiog demand. Courtaulds, for example, said that passing on raw material costs had dented sales volumes by pricing its fibre products 'out of the market".

"If you push your price too high to get your margin up to 15 per cent, you could lose your business, and 15 per cent of nothing is nothing," said Mr Gordon Senior, finance director at Allied Collolds.

Underlying demand in many developed economies, particu-larly Europe and the US, has also been weak, as have the climbing in the second balf of niture markets. This has

Laporte, which makes chemicals for the construction industry, Yorkshire Chemicais, which sells its dyes to the housing and furniture industries and British Vita, which makes foam products, also used in furniture.

Many companies are now reporting that raw materials prices have flattened, and in some cases, have fallan dra-matically. Mr Senior said the price of methanol, one of the group's main raw materials, rose from a base index price of 100 to 450 and came back down to 100 between late 1994 and

"We believe prices have peaked," said Mr Senior. Some are definitely on the downward trend."

While this may provide some relief, customers, seeing the fall-off in input costs, could demand price cots of their own. "So just as the chemical groups are starting to recover their own margins they may have to cut prices and could lose margins that way," said

Another consequence of the recent raw material price surge is that customers are destockas prices were rising. "Destocking has been the single higgest factor affecting the third quarcompanies," said an analyst. The customers have simply lisappeared."

However, according to Mr Richard Freeman, chairman of the Chemical Industries Assolation economic committee, "destocking is coming to an end and we should start to see markets pick up around now and into the new year. He added: "It has been a remarkable year, with its ups and downs, and some slow

recovery is beginning to show

next year, with new outlets being opeoed in several UK cities plus one in Dublin.

Overseas turnover, bnoyed

by particularly strong growth

in south-east Asia, jumped 20

per cent to £85.1m, or £93.6m if the contribution from associate

companies in Guyana, Trinidad

The recent purchase of the

outstanding 50 per cent inter-

est in the Guyana operation

meant that in future the busi-

ness would be treated as a

20.89p (11.1p), or 4.87p excluding the exceptional

credit. The interim dividend

Earnings per share were

wholly owned subsidiary.

and Indonesia are included.

By Geoff Dyer

outlines Teepak funding

Devro International, one of the world's leading producers of sausage casings made from collagen, outlined yesterday its funding plans for the \$135.5m (£88.5m) acquisition of Teepak International, which was originally announced in Scotland-based Devro had

been walting for Wednesday's clearance from the US Federal Trade Commission for the purchase of Teepak, a privately owned US meat casing manufacturer.

The acquisition, which will trable the group's turnover, stems from Devro's strategy to expand its activities in casings, rather than develop more collageo products.

In line with its initial plans, Devro intends to raise £31m to fund the cash part of the acquisition from a placing and 1-for-10 open offer at 230p, underwritten by Charterhouse Bank.

Devro's shares closed yesterday up 12p at 251p. Teepak's owners, Hillside, groop owned by Mr John Irwin III. will also receive 10.4m ordinary shares and

\$52.3m of convertible prefer

Devro has arranged a £120m deht facility with First National Bank of Chicago to refinance Teepak's debt and to provide working capital. In the year to September 30, Teepak increased pre-tax prof-

of £229.4m (£212.5m). Mr Graeme Alexander, Devro's chief executive, said that group sales had continued to increase since the year-

its to £20.1m (£13.9m) on sales

chief executive through his son Rocco's

Lord Forte wrote in his antobiography: "Admittedly Mendoza did some very good business for himself that evening. But I was still flattered by his prompt answer to my request."

Mr Mendoza, the son of the former Cuban ambassador to London, was horn in Havana in 1945. He joined Morgan in 1967 after graduating in history from Yale. After five years he left to take an

MRA at Harvard Business School, but returned to the bank, where he rose rapidly. Between 1985 and 1990 he was ... its deposits. Mr Mendoza had been on in charge of Morgan's mergers and the board only a few months.

Mr Mendoza, vice chairman and a director since 1990, is credited with driving the US commercial bank's inroads into investment banking. Morgan is among the top 10 investment hanks in Europe and has had a particu-

larly good year.

He appears to have survived the Banesto affair without much damage to his reputation. He was responsible for the bank's \$16m (£10m) investment in Banesto, Spain's fourth largest bank. At the end of 1993 the Bank of Spain took control of Banesto to prevent a run on

Mr Mendoza, once an amateur boxer, stays shy of publicity. Those who know him say he is tireless in pursuit of his clients' objectives, and has a good grasp of the overall strategic picture in

He will be working with a cluster of advisers from SBC Warburg, Morgan Stanley, UBS and Cazenove. Forte yes-terday denied that it was calling on too many advisers, describing its defence team as "the best brains around".

ideas," it said. "We are taking the minimum number of people out of the frontline business because we see big opportunities for profits."

NRA head

Yorkshire

to join

Water

Yorkshire

By Christopher Price

embattled utility, yesterday appointed Mr Kevin Bond as

managing director of its main

# Amec pins hopes on profits surge

Amec, the UK construction group, yesterday pinned its hopes of remaining an independent company on prospects of a hig pre-tax profits riss in

The British group, which resterday published its defence document, is facing a £360m hostile bid from Kvaerner, the Norwegian shiphuilding and engineering group.

Amec also signalled that it

would be prepared to sell its UK househuilding subsidiary improved, and take steps to reduce the large number of its preference share holders.

Devro

Kvaerner's offer of 100p for each ordinary share, however, is that the bid terms undervalue the profits recovery potential of its offshore oil and gas fabrication division.

Figures in the defence document imply that group pre-tax profits next year could rise to £35m-£40m without any underlying improvement in Amec's various markets. The group is forecasting unchanged pre-tax profits of £20m in the

current year. The document says profits this year will be held back by problems on the Tiffany oil platform contract which were

Profits will also be reduced by a £8.9m loss at the Newcas-tle offshore fabrication facility. which Amec says should return to profit next year following the recent signing of a new labour agreement which will reduce costs at the yard by

30 per cent: The absence of further Tiffany costs and a return to the black at Newcastle would lift profits to approaching \$40m. assuming a neutral performance by the rest of the

group's businesses. Mr Peter Mason, who currently heads Balfour Beatty, and who next year joins Amec as chief executive, said: "The quate and takes no account of the recent rationalisation and improvements which have been paid for by Amec shareholders and who will not be able to reap the benefit if this hid succeeds."

Kvaerner, which has critic-ised Amec's management for failing to meet previous forecasts, said the British group's weak balance sheet would continne to binder its efforts to win a greater share of international construction and engineering work. . .

Dividend payments to Amec ordinary shareholders had not cut by two thirds in 1992, said Mr Krik Tonseth, Kvaerner's

water operations busines Mr Bond is currently chief executive of the National Rivers Authority and his appointster its image at a time when it is under pressure over water shortages in its area. He will take up his post in April.

Ms Markaret Stewart, direc tor of corporate affairs, denied Mr Bond's appointment was a result of the public criticism aired most recently in last week's BBC Panorama - of the group's provision of water sup-plies. "The appointment is part of a management restructuring programme which was started two years ago," she said. Mr Bond succeeds Mr Tony Ward, who is to retire. The running of the water business, Yorkshire Water Services involves supplying water and sewage services to 4.5m cuscompany's £1.5bn five-year

#### **Self Sealing Systems for Aim**

investment programme.

Self Sealing Systems, which has developed a technique to make self-sealing latex bal-loous, is coming to the Alterna-tive Investment Market in a £1.2m placing.

Turnover, which this year will be about £16,500, is forecast to increase to £4.1m within three years. Losses of Elm this year are forecast to turn into profits of £2.2m dur-

ing the same period.

The company intends to sell convert ordinary balloons into self-sealing products - to established manufacturers and dis-

# Country Casuals resilient

Singaporean stake sale

helps Courts to £8.87m

The results were better than expected and the shares edged

up 10p to 748p. Courts said the pattern of

trading in the first six months

- bealthy growth of overseas

business but poor growth in

the UK - was likely to be

However, the group said

there was still potential for

recovery and expansion in the

UK market, and it had already

noted signs of a slight improve-

ment io domestic trading in the early mooths of the second

Weak demand in the UK low-

ered turnover 2.4 per ceot from

its 87 stores to \$52.1m. Expan-

sion at home is planned for

repeated in the second half.

Shares in Country Casuals, which this week successfully fought off a hostile 140p a share

cash bid, closed yesterday at 137p. The price compares with 115p at the beginning of October just before the £26.8m bid was launched by Mr John Shannon, a former chief executive of the women's wear group. Mr Shannon remains the biggest shareholder

with 18.8 per cent. During the battle for

the company be offered to sell his shares

at 140p if his bid failed.

Ms Penny Freer, small companies analyst

sales at its core brand shops were 13 per cent

with Credit Lyonnais Laing, said that shareholders were more comfortable with the stock following the information flushed out from Country Casuals by the offer. The group yesterday said that like-for-like

higher in November.

A fuller indication of the group's performance in the year to January 27 will be made in a new

# Fullers' free trade flavour



Anthony Fuller, chairman, (left) with Michael Turner, managing director;

By Roderick Oram Consumer Industries Editor

Fuller Smith & Turner, the west London brewer, reported 22 per cent rise in interim pre-tax profits from £4.15m to £5.08m reflecting sharply higher free trade and

take-home sales. Against a national beer marager during the summer.

tet up about 2 per cent, Fuller's beer production rose 8 per ceot despite some switch to Pree trade barrelage rose 17 per cent to account for about

6-miles to Oct 1 \*

6 mers to Oct 31

. Yr to Sept 30 # 6 miles to Oct 31 6 miles to Sept 30

0.898

previously to languish. Exports, mainly to the US, were down 28 per cent because of shipment delays.

Profits from its own pubs were up 14 per cent, from free trade by "substantially more" than 17 per cent, and from

hotels by 73 per cent. The USM-traded group is expanding its pnb estate through at least six new sites

0.4984 9.224 0.279 1.75 0.314

55 per cent of total volume. Of the free trade, take home sales more than doubled as the comsent. It added six pubs in the pany began to build up a line of business it had allowed previous financial year. Turnover from continuing operations in the six months to September 30 rose 12 per cent to £44.3m and strong cash flow helped reduce gearing from 3 per cent to 1 per cent. The pre-tax line included a £50,000 gain

> loss of £41,000 last time. Earnings per A share were 13.88p (11.66p). The interim dividend is raised 10 per cent to

on property disposals against a

south of the Thames, subject to

planning and licensing con-

				į
Date of payment	- Dividends - Consponing distrai	Yotal for	Total lest	
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Jan 11	1.6	<b>-</b> '	4.01	
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# Contemplating a future beyond asbestos claims

Tim Burt on T&N's battles through the courts

he long distance call came through just as the directors of T&N were about to start dinner with their bankers at London's Stafford Hotel. Mr Colin Hope, T&N chairman, answered the phone knowing the news from New York could determine the company's City reputation and financial future.

After eight 'years of legal struggle with Chase Manhattan Bank, he learned that s US jury had decided T&N had not defrauded the bank by supplying asbestos knowing that it was a potential health hazard.

Yesterday T&N's shares closed up 35p at 165p, having touched 1750 at one stage, and recovering some of the ground lost amid City fears that T&N would never fully escape its past as the world's largest asbestos producer outside the US. That legscy, which prompted thousands of personal injury claims and property actions, has cost the group some £300m in out-of-court set-

tlements in the past 10 years. Victory over Chase and the dismissal of the bank's \$185m (£117m) lawsuit could signal the beginning of the end of those liabilities. For Mr Hope it also justified the strategy of expanding away from asbestos into specialist engineering, thereby generating enough profits to meet outstanding estos costs.

T&N was almost alone in pursuing such a course, Many of the world's other large asbestos producers - including Eagle Pitcher and Johns Manville - filed for bankruptcy when the full potential of the

By Raiph Atkins,

Insurance Correspondent

For insurance companies,

which have over the years

borne the cost of US and UK

asbestos-related claims, T&N's

victory against Chase Manhat-

tan Bank's \$185m legal suit

cally because the numbers in

such cases are so big. It is

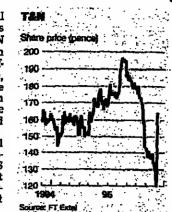
important that they are seen to be defendable," said an insur-ance executive. "It must come

as a welcome relief to Lloyd's Names, although I don't know

if they were involved in this

"It is important psychologi-

was reason to cheer.



T&N, which still mines asbestos in Zimbabwe and continues to sell the product in east Asis, says there would payments had it opted for receivership rather than trading away from the problem. That all sounds laudable.

But the cost to investors has been high. In the past year they have seen T&N's shares fall from 197p to 119p. In sddition their holdings have been diluted by s series of rights issues to finance acquisitions deals that helped the company establish a steady stream of non-asbestos earnings.

The costs to some of T&N's employees bave been higher still. According to evidence brought by Chase Manhattan, hundreds of employees contracted asbestosis and mesothelioma from being exposed to asbestos dust. Solicitors acting for residents near the group's former asbestos factory at Armley in Leeds claim that health risks were shared by

Insurers have reason to cheer

of the London market asbestos

working party said: "It sends a message that, just because the

word 'asbestos' may be used in

the litigation, it doesn't guar-

of relief, however, it is unclear

whether the latest ruling will

have much affect on the over-

all liabilities insurers have

faced from asbestos and related

The Chase case was to some extent a "one-off" because it

was about property damage: Chase claimed T&N was fully

aware of the potential dangers

of asbestos when it installed

the material during the con-

Beyond the immediate sighs

antee you success.

Crucially, however, T&N says a recent High Court judgment showed it could not have been aware of the dangers and had a duty of care only to its own employees. If so, its future liability in the UK should not exceed about £5m a year for the foreseeable future.

In the US, meanwhile, the group has secured an imporant class action agreement fixing the level of payments to alleged asbestosis victims. The so-called Georgins settlement should further reduce the group's liabilities over the next

Mr Hope, neverthsless, remains cautious. The Georgine settlement is the subject of an appeal and the group still expects further personal injury claims in the UK. But success against Chase, which may yet decide to appeal, could be the last multi-million dollar suit that the company has to

However, the full benefits will not emerge for at least two years. Profits this year and next are likely to be dented by £50m of asbestos-related costs. After that, all being well, T&N should see the drain on its balance sheet begin to fall away.

That would free the group to concentrate on its profitable engineering businesses, which underpinned increased firsthalf operatiog profits of £120.1m (£90.2m) and offer the prospect of rebuilding shareholder value.

"We now believe we are over the peak," says Mr Hope. "T&N is not saying asbestos is finished, but we now have a great deal of confidence that the

T&N's insurance cover was

also limited. At the same time,

the policy claims more worry

ing to insurers are those from

damage to individuals, rather

Such claims have been a

bane for many years, prompt-

ing insurers to increase reserves. In the US, thousands

of cases have been settled in

mass trials or out of court, To

that extent asbestos liabilities

are regarded by the stock mar-

ket as a known quantity.

Share price (pence)

than property.

shares will trade on Monday. Some predict a price in the range of 220p to 280p but others believe the price will be depressed by the threat or reality of large sellers.

Almost half the shares are Under the demerger terms,

their stake with institutions next week. The price at Monday's close will determine the capital gains tax liability for the electricity companies and the tax payment or rebate faced by

it has faced on some of its

borrowings.

## Electricity Ferfin meeting approves cash call groups set to pay special dividends

By David Wighton

East Midlands Electricity and Southern Electric are expected to announce special dividends for shareholders totalling up to £400m (\$615m) when they report their half-year figures next week. Analysts expect East Midlands to reveal a special dividend of about 100p per share with some predicting a similar payment from Southern.

Other regional electricity companies have already announced about £600m of special dividends after agree ment in principle on the 23.5bn demerger of the National Grid, the electricity distributor which they cur-rently own. The Grid owns the main transmission network in England and Wales.

The groups yesterday received formal approval from their shareholders for the demerger to go ahead. More than a million private inves-tors will now get shares in the Grid, which start trading on Monday. The price of the companies' shares will fall to reflect the value of the Grid shares being distributed.

As part of the demerger, the Grid is paying a special dividend to the regional electricity companies. The Grid shares, which professional investors have been trading on a conditional basis, closed at 209p yesterday, valuing the company at £3.5hp

Analysts are divided over the likely level at which the

owned hy Hanson, Scottish Power, North West Water, Southern Company of the US and Southern Electric of the UK. Southern Electric decided not to distribute Grid shares. all five are required to sell their holdings within 12 months. There was speculation yesterday that one was preparing to place some or all of

A study led by Professor Julian Peto of the Institute of Cancer Research, stated that the UK had an epidemic of asbestos-related disease that

## By Robert Graham in Rome Mediobanca, the powerful

(\$599m) capital increase for Ferruzzi Finanziaria (Ferfin), the Italian holding company. However, in so doing Medio-

Milan merchant bank, yester-

day won its battle to push

through a controversial L953bn

banca alienated several big shareholders who were opposed to the handling of the operation by Mr Enrico Cuccia, the merchant bank's veteran honorary chairman.

The divisions provoked by Mr Cuccia's ambitions to take control of the business emptre of the Ferruzzi family, which collapsed in 1993, represent the most serious public split within Italy's banking and financial community in recent

At yesterday's extraordinary shareholders' meeting in Milan the increase was approved by holders of 45.7 per cent of the capital and opposed by shareholders of 20.5 per cent.

The opposition came from important members of the banking community - the most notable being San Paolo di Torino, Banco di Sicilia, and Montenaschi, The Milan-based Cariplo, Italy'a largest savings bank, also marked its distance by refusing to attend the

that Mediobanca's contribution was not necessary for the 33

per cent required to win approval Mediobanca had on its side 39 Italian banks including Comit. Credito and Banca di Roma - plus 16 foreign banks and 21 Italian

Lawyers representing San Paolo at the meeting hinted the bank might challenge the result in the courts.

glomerate which was to have The final vote count showed been formed from Ferfin's big industrial group Montedison,

plus chemical and other nonautomotive assets of Fiat. insisted that Mediobanca; having acquired a controlline stake in Ferfin in its October investment houses. make a formal offer for all outstanding stock. But those at

One of their main arguments was that Mediobanca, with 9.95 per cent of the stock - mostly acquired in October raids could not take part in the vote. These shares were bought up after the failure of the plan to

L300bn to repay medium-term create "SuperGemina" - a con-The remaining L48\$bn would cover L300bn of short-term bank exposure and cash needs.

"restrained".

San Paolo lawyers also

raids, should be obliged to

the meeting described the

atmosphere as "sober" and

Mr Enrico Biondi, Ferfin's

chief executive, said the capital

injection would allow 1170bm

to recapitalise Fondiaria, the

insurance subsidiary, and

# Citicorp parts from vice-chairman

in New York

Citicorp, the US banking group, yesterday announced it bad parted company with one of its top executives - Mr Christopher Steffen, who was promoted to vice-chairman at the beginning of the year.

He has been replaced with immediate effect by Mr Victor Menezes, who has been named chief financial officer. Mr Menezes had previously been executive vice president in charge of the group's branch hanking operations in North America and Europe.

Mr John Reed, Citicorp's chairman, said: "The results of the past several years have evidenced great progress in the company's development, but there is more to do. We need to strengthen our focus on delivering performance, including productivity programmes and our cost/revenue profile."

Mr Steffen is a noted costcutter who was brought in by Citicorp in 1993 to oversee the bank's financial controls and

He had previously worked at Eastman Kodak, but left after s row with Kodak's chief execntive about how quickly to proceed with a cost-cutting plan. At Citicorp, Mr Steffen participated in job cuts running into tens of thousands. He also brought new management techniques to the company such as benchmarking - measuring the group's performance against those of other banks.

Mr Steffen's promotion from senior executive vice-president to vice-chairman in January had appeared to signal approval of his work. It also appeared to make him a possihle successor to Mr Reed as

chairman. Citicorp yesterday offered no explanation for Mr Steffen's unexpected departure, and said Mr Steffen was unavailable for comment because he had left for the day. "There is no indication of a row whatsoever. It was a perfectly amicable set of decisions." Citicorp said. Mr Reed said: "Chris [Stef-

fen] has helped us importantly over the past three years and introduced many of the disciplines of an industrial company to Citicorp. we thank him and wish him well." Mr Reed said Mr Steffen's

successor was an international executive with both consumer and corporate banking

## Electronics rivals fix video disc format

By Michiyo Nakameto in Tokyo and Alice Rawsthorn

Nine of the world's leading consumer electronics companies have agreed a common format for digital video disc (DVD) systems, which are expected to be among the bestselling electronics products of the late-1990s.

The agreement ends months of negotiation over the technical specifications for DVD. which can be used for data storage, watching videos and playing music.

The industry, which is suffering weak demand and fierce price competition, sees the versatile new product as its main

hope of revitalising a sluggish market and of making inroads into the buoyant home computing sector.

However, until yesterday's agreement, the prospects for DVD were clouded by the threat that Japan's Sony and Philips of the Netherlands, two of the world's largest electron-lcs groups, would trigger a format war" by introducing a different system from the rest of the industry.

The final specifications represented a setback for Sony and Philips, which were forced to accept many aspects of the technology proposed by their rivals, led by Toshiba.

They also lost their lobby to inclode the letters "CD" in the products on sale next autumn.

new product's name - thereby positioning the new discs within the extended family of compact disc products, a tech-nology originally developed by Sony and Philips.

However Philips said yesterday it was relieved the industry had finally reached agreement over a single format. The Dutch company plans to launch its first DVD products, which will be read-only memory drives for computer applications, by the end of 1996. It hopes soon afterwards to introduce the first consumer

systems for playing films. Japanese groups, such as Toshiba and Matsushita, are also aiming to put their first However they are likely to launch their products in Japan first, followed by North America and Europe.

Most manufacturers suspect that the yen's effect on the

Japanese groups will mean the first DVD consumer systems will have to be priced at more than the \$600 that had been hoped for in order to establish them as mass market products. BZW Securities in Tokyo estimates that DVD sales will reach Y155bn (\$1.53bn) in 1996. rising to Y2,025bn by 2000. However, some analysts believe the absence of a record-

ing function, which was a big

selling point for video cassette recorders, could inhibit sales of

consumer DVD systems.

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#### Ransomes seeks £37m to cut debt By Geoff Dyer the interest rate margin of 2.25

Ransomes, the manufacturer of grass-cutting equipment, is raising a net £37.3m through s rights issue to pay off the huge debts it built making acquisitions in the 1980s. The group also announced s

strong increase in annual pretax profits and signalled its return to the dividend list for the first time since 1991 at next year's interims. The long expected 1-for-1 rights issue, underwritten by NatWest Markets, is priced at

48p, a 25 per cent discount to

yesterday's unchanged closing

price of 64p. Mr John Clement, chairman. said the rights issue would make "a mammoth difference" to the group's financial posi-tion. Gearing, which had been 750 per cent two years ago. would be reduced to 59 per



John Clement: rights will

Ransomes' stemmed from the \$150m (£95m) acquisition of Cushman Group in the US which left it with high levels of debt when the recession hit in the early

make 'mammoth difference'

**NEWS DIGEST** 

The proceeds will be used to reduce borrowings, which

Pre-tax profits in the year to September 30 of £9,22m, compared to £6.11m in the previous nine months, were struck after £1.67m penalty payment for the early redemption of the

stood at £103.9m at September 30, and to pay off the £2.4m outstanding convertible preference dividends. The group has also renegoti-

facility at 0.75 percentage

ated its banking arrangements. After the rights issue, it will have access to a £60m five year

group's US loan notes. Turnover was £180.2m, against The otherwise strong performance was beld back by poor Source: FT Excel

management at the group's Plymouth plant, where late prodoction led it to miss out on pre-summer demand. Consumer division profits were £500,000, down from £3.4m, on turnover lower at £44m, comnared with £51.3m.

Group earnings per share advanced to 3.6p (1p). The group hopes to pay a interim dividend next year of not less

#### Unidare following the warning, gave up another 3p yesterday to 58p. The group, one of the UK's largest manufacturers of coffee recovery continues

Unidare, the Dublin-based engineer, built upon its first half recovery to announce fullyear pre-tax profits of 198.14m The outcome for the 12

months to September 30, achieved on turnover of I£151.5m (I£169.9m), compared with a deficit of IEL46m last time and was struck after a net exceptional gain of £107,000 (£7.58m charge). Disposals made during the year eliminated borrowings

and left net cash amounting to Earnings per sbare were 31.81p (losses of 8.32p); a final dividend of 12.23p lifts the total

#### Tams setback

to 16.86p (14.3p).

As foreshadowed in s trading statement last month, John Tams delivered interim results "both disappointing and below

expectations". The shares, which dived 14p

mugs, also takes in the Royal Grafton and Duchess bone china brands.

Mr Gerald Tams, chairman. said losses in the bone china side lay behind the pre-tax profits fall from £563,000, struck after an exceptional charge of £190,000, to £314,000 in the six months to September

Turnover improved 9 per cent to £13.2m and, despite a slowing in European retail seles, exports now account for 51 per cent of the

Moves to reduce the bone china cost base being implemented by Mr Rob Yates, who was sppointed chief executive in September, will result in the closure of two manufacturing sites and an expected exceptional charge of about £1.3m in the second half.

Earnings per share dipped to

0.79p (1.5p) but the interim div-

idend is maintained st 1.6p

with Mr Tams again waiving

the distribution in respect of

his controlling stake in the

#### LBMS recovers

Learmonth & Burchett Management Systems showed the benefits of changing its strategy to become a US-based software company by reporting interim pre-tax profits of £496,000, despite an exceptional charge of £296.000.

of £3.28m after s charge of The company, quoted on the USM and Nasdaq following its \$12.5m (£8.15m) offering in November, said it was seeing strong growth in the US.

Last time there were losses

Turnover in the six months to October 31 was £12.4m (£11m). Earnings per share were 1.8p (13.7p losses). In the three months to the end of October pre-tax profits were £249,000 (£559,000 losses) on turnover of £6.95m (£5.88m).

Earnings per share were 1.8p, against losses of

## Crown Eyeglass

New store openings in Sweden helped Crown Eyeglsss,the USM-quoted spectacles maker, lift pre-tax profits by 9 per cent from £336,000 to £365,000 in the half year to September 30.

Turnover grew by 29 per cent to £4.47m. Mr Joseph Lee, chairman, said that in addition to the 58 Crown Optical Cen-tres in the UK, there were now 12 Direkt Optik retail outlets in Sweden where turnover rose by 84 per cent. Further premises were under

The Readyspex subsidiary had a good start to the year, he said and export business continued to grow.

Earnings per share improved to 15.3p (14p) and a 4p (3.5p) interim dividend is declared.

#### Ideal Hardware Ideal Hardware, the specialist dats storsge distributor, reported a 25 per cent rise in

half-year pre-tax profits from £2.34m to £2.93m. The company specialises in solutions for the storage of computer data and supplying them to computer resellers. Turnover for the period,

November 3 compared with 26 weeks last time, increased by a third to £60.9m. Earnings per share rose 22 per cent to 9.15p. The interim dividend is increased 23 per

which covered 27 weeks to

مكذا من الاحل

CHOMIC DIARY Remember, the value of shares

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171 600 6

investors may not get back the amount they originally invested. You should be aware that the distribution policy adopted

†TSB Fund Managers were placed 2nd in The Best Management Group category over three years and let in the UK Equity Sector over the same period in the 1995 Offshore Financial Review Awards.





roves cash FINANCIAL TIMES WEEKEND DECEMBER 9/DECEMBER 19:1995 MARKET REPORT

## Copper \*\* stocks rise halts rally

An early rally in copper prices on the London Metal Exchange stalled yesterday after the exchange announced a large rise in warehouse stocks of the metal

The three months delivery position had edged above \$2,700 a tonne at on point, but after the stocks news it quickly retraced its steps. By the close it stood at \$2,670.50 a tome. down \$14 on the day and \$53.50 on the week. With nearby

+7,750 to 571,450 +360 to 57,420 +6,325 to 230,425 -8,325 to 141,360 -806 to 46,276 -2,050 to 580,200 -300 to 12,080

tightness still giving cause for concern, however, the cash price beld on to its premium. The cash/three months "back-wardation", as the premium is called, ended at \$297 yesterday, close the record level reached in mid week and \$61.50 up from the end of last week.
Tracers told the Reuters

news agency that wide nearby backwardations were still attracting metal into LME warehouses, with the bulk of the increase coming in Long Beach in the US and Singapore. The copper going into Singapore was probably Chi-nese, some said.

News that Russian refined copper exports fell 8 per cent in the first 10 months of this year to 315,000 tonnes had little impact on values, traders said. Aluminium stocks were also up quite sharply, but the mar-

ket proved more resilient and the three months delivery price closed at \$1,675.50 a tonne, down \$3 on the day and \$19 on the week. The nickel market remained

fairly firm, with prices continusharrish fall. A \$112.50-a-tor rise yesterday left the the WEEKLY PRICE CHANG

Lear (cash) Niclet (cash) Zint SHG (cash)

ing to claw back Monday's said.

light trade Equidation: An 8,925-tonne, or 6 per cent,

fall in LME lead stocks helped the metal's prices to edge higher yesterday, but they still finished lower on the week and the cash premium parrowed further. European producers said demand for the lead remained strong as battery manufacturers prepared for the usual winter upturn in replace-

ment purchases.

At the London Bullion Mer-ket gold dealers made another effort yesterday to break upside resistance at \$390 a troy ounce. But, lacking sufficient encouragement from the New York market, the attempt failed and the price closed at \$367.70 an ounce, down \$1 on the day but \$1.15 up on the week. There may be some week longs in there who may be looking to get out," one dealer told Reuters. The London Commodity

Exchange robusts coffee mar- wild personal ket finished weaker after. bouncing from 19-month lows reached on Thursday, The March position, which had been as low as \$1,840, closed yesterday at \$1,873 a tonne, down \$10 on the day and \$60 on the week.
The market was oversold

and it had to come back up." one trader commented. Others said activity centred on the January/March spread with the spot premium souring to \$230 a tonne on fears of renewed tightness next month. "In January March the panic set in and we are off and rolling," said one. He thought the holders of short positions, who had seen the spot November premium soar to some \$700 a tonne before the position's expiry, did not want a repeat of that scenario on the now spot

January contract. The market was slightly cautions, however, shead of the next week's US Department of Agriculture world prodoction report. "The market is on hold until the USDA report next week," London broker GNI

rise yesterday left				Richard	Mooney
WEEKLY PRICE C	HANGE				
4.	Latest prices	Change -		High	Low
Goldper troy oz.	\$389,70	43.15	17/4	\$304	\$373
Silve per troy oz .	343.00p	+3.00	nta ·	375,500	267.90p
Alegratum 90.7% (cont)	\$1638.5	18.0	TOTAL .	\$2149.50	
Coper Grade A (casts)	32967.5	+6.0	0/2	53218.00	\$2702.50
ear (cash)	\$741.5	+3.5	tate .	\$785,00	\$536.50
Michit (custi)	\$8225	+110	c/a	\$10160	\$6947.5
Zint SHG (cont)	\$1024	49.5	colu.	\$1208.5	3058.0
Fire Caroli)	\$8310	+90	11/10	571750	\$5095.0
Come Futures Dec	\$895	42	10/4	\$1050	\$830
Cores Futures Jan	. \$2101	- 427	Cufes.	53297	52074
Sdor (LOP Pape)	\$309.5	+25	m/a	S378.T "	\$289.2
Seley Futures Jan	\$114.75	-2.20	12/2	\$120,00	\$102.00
Niner Futures Jan	S125.15	-1-25	T/2 -	6128.00 P	"SITIOD TO
Categ Outlook A Index	86.75c	+0.10	19/2	116.80c	85.05c
Mol (64s Super)	4820	+12	2/4	5320 4	429n
				min mi	

#### COMMODITIES AND AGRICULTURE

months position 995 up on the week at \$3,300 a torse after an early rise to \$8,000 had been met by chart-based selling and light trade houseless. Precious Metals continued S GOLD COMEX (100 Troy or.: \$4roy or.) Dec 309.9 +0.9 309.8 309.0 333 1.729
Feb 301.4 +0.9 301.8 309.0 3339 56,000
Apr 303.4 +0.9 303.7 302.4 542 10,400
Jon 505.4 +0.9 305.5 304.2 287 21,005
Apr 307.4 +0.9 505.5 304.2 287 21,005
Apr 307.4 +0.9 - 309.0 307 4,236
Det 309.6 +0.9 - 309.0 307 4,236
Det 309.6 +0.9 - 112 3,070
Telpi 34,000 542,007 Cash 2 mile 1630-40 1641,5-2.5 1675-6 Presions stignious stal Official Seets close 232 323 # PLATINUM NYLIEX (50 Tray ar: \$Aray at.) 4775 -34 4779 413.1 184 95.80 418.6 -3.5 418.6 415.6 415 438 420.0 414 - 257 1874 422.0 43.4 - 418.5 105.1862 423.0 +3.4 - 418.5 105.1862 IS ALUMENUM ALLOY & per forces 2,000 22,347 Kerb close Open st. Total dely terrores M PALLADIUM NYMEX (100 Troy oz.; \$700y oz.) 4,958 134.50 +1.00 155.70 135.50 Z 006 135.60 +1.30 136.25 134.25 267 5.543 137.25 +2.76 - 196. 266 6,466 -E. LEAD & per tonnel 725-0 725-6 734/730 721-2 733-4 757.5-0.5 E SILVER COMEX (\$1,000 Troy or ; Centa/troy (R.) 5185 -18 SERS RIED THE 30K 5851 -18 SERS SERS 1 55 5252 -10 SERS SERS VESS 60,428 5867 -70 SERS SERS 27 10,112 5868 -18 SEPS 5250 ME 678 5868 -18 SEPS 5250 ME 678 5864 -18 SEPS 5250 ME 678 5864 -18 SEPS 5250 ME 678 5864 -18 SEPS 5250 ME 678 Kerb close Open set. Total dely turn 33,746 9,370

ME MICHAEL (5 per tonne) 8335-45 8220-25 8400-6324 8336-46 6360-65 8210-20 44,346 7,336 Oppo by. Total daily temperar Clone Pendous HighNow AM Official Kerts close Open Iris, Total delly temporer 8350-66 10,501 E ZINC, special high grade (5 per torne)

10285-45 1048-6 1058-5-6.0 1055-7-044 1045-5-6.0 1054-65 81,408 20,603 E COPPER, grade A & per torres 2372-3 178,822

III 1348 AM Official E15 rate: 1,8305 LME Closing E/5 rate: 1,8330 Sec 1532 3 one 1530 4 ade 1 576 9 one 1.577

9/101 stempt Mgs Law 7-13360 -0.20 194-40 132-90 1,980 7,735 127-40 -0.45 124-90 157-90 377 2,514 134-10 -0.75 124-50 127-90 7,74 970 120.00 -0.35 127-90 120,50 4,654 15,877 119.25 -0.30 120,60 119,75 111 491 117.90 -0.75 138.70 134.90 255 2,865 11,467 37,860 PRECIOUS METALS

SI LONDON BUILLION MARKET supplied by N M Rothschild) 2) \$ price \$ acuty SF7 equity 260\_50-360\_60 360\_20-360\_60 Norming Sec.20-398.80
Monthing for 390.35
Afternoon for 390.80
Day's High 390.90-20
Day's Row 390.90-390.50
Previous class 390.50-390.50
Previous class 390.50-390.50

\_\_\_281 . 12 mg p/troy pz. US cts equiv. 342.75 - 524.75 347.30 361.85 536.75 548.75

US INTEREST RATES

M WHEAT LCE IS per tone;

GRAINS AND OIL SEEDS

ENERGY E CHUDE OIL NYMEX H2,000 US gale. Schamb 18.58 +0.25 18.59 18.65 38.465 83.543 18.52 40.22 18.50 18.30 17.134 \$7.500 18.32 +0.75 18.51 40.52 18.75 18.51 40.52 18.75 18.51 40.52 18.75 18.51 40.52 18.75 17.52 40.12 18.50 17.50 10.310 17.52 +0.12 17.50 18.50 10.310 17.52 +0.12 17.54 17.50 3.60 10.310 17.52 +0.12 17.54 17.50 3.60 10.310 17.52 +0.12 17.54 17.50 3.60 10.310 17.52 +0.12 17.54 17.54 3.54 17.55 344.46

Leinst Smy<sup>2</sup>k.

Leinst Smy<sup>2</sup>k.

17.80 +0.25 17.80 17.40 20.814 48,736
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17.54 +0.25 17.44 17.19 97.00 50.81
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48.708 128.82 M NEATHOL OIL STATE (47,000 IS gots, clif gots) Latest Buy's
price change High Low Yet let
56.60 +1.52 95.95 54.80 22.062 48.807
66.40 +0.86 55.46 83.90 13.220 25.916 51.20 +0.44 53.00 52.50 52.05 52.05 55.05 51.20 +0.40 53145 50.50 12.07 53.70 40.50 +0.34 40.00 40.00 686 53.30 40.85 +0.24 40.85 40.50 12.07 5.00 40.85 53.70 40.80 53.7

I GAS OIL TE S/arms Sett. Boy's pice change Sigh Last Vet bit 187:00 +2:00 187:25 164:25 8,875 18,492 184:00 +2:26 187:20 164:30 18,964 35,770 180:30 +1.75 160:30 183:50 906 8,365 137:50 +1.56 135:70 183:50 183:50 906 8,365 137:50 +1.56 135:70 183:50 178 2,331 183:52 +1.02 -154:00 187: 1,207 1,2 25,100 10,000

MATURAL GAS WINEX (10,000 modes; Simelin.) Labort Doy's price change High Loar Vol. 2715 +8,0710 2,245 2,265 20,862 41,530 2,115 +8,025 2,140 2,890 7,685 25,220 1,921 +8,030 1,930 1,930 3,545 18,222 1,815 +8,0710 1,840 1,800 1,474 13,084 1,755 - 1,786 1,755 11,755 10,477 1,780 +6,010 1,770 1,750 822 8,949 42,837 194,284 E UNLEADED G

MONEX (42,000 US pulse; 0/US quile.) 54.70 +0.84 55.26 53.80 8,541 25,878 54.35 +0.81 54.75 52.45 43.55 19.74 53.70 40.31 54.75 52.45 43.55 19.74 53.70 40.31 54.76 53.26 52.85 734 52.72 58.10 +0.48 53.00 53.30 247 40.22 1212

90. 868 21 118 806 829 5791 36,180 365 989 240 14,804 874 878 280 5 705 360 980 36 27,752 1302 988 95 8,972 MATERIAL NEWS MEANS AFEIT LIGHT 125.75 -130 179.30 175.90 127.00 -130 127.65 177.89 #175 +8475 #1500 #1516 7 700 98300 +8825 98 #5 47 105 1985 92350 +8875 92360 #1550 -44 81 Ma -8275 67 82 87 800 -44 128 10 -1 40 129 65 178 50 2% !.84 % 327 - 39 45 52 13140 -120 13140 13140 11356 -1.50 11400 11356 11430 -1 10 11525 11500 786 2,513 EL WHEAT CET (5,000by min, certa/600; bushet III COCOA COCE (10 torres Storres-1296 413 5787 1280 24 229 1229 419 1320 1292 2752 38 086 1238 411 1230 1214 257 12.008 1236 415 1251 1234 26 5.006 1273 417 1274 1236 65 505 1278 47 1208 1287 - 2.001 1288 47 1208 1287 - 2.001 \$17.50 +1.5 \$19.00 \$13.00 2.640 5.74.
\$00.00 +2.5 \$00.00 \$05.02 25.712 \$7.11400.00 +0.75 471.00 400.00 1.701 6.540
400.75 4275 422.00 427.00 \$300 73.00
400.75 4275 422.00 427.00 \$300 73.00
400.75 413 422.00 400.00 407 4.13407.00 40.5 420.00 404.00 \$2.460 \$00.641 41250 +0075 41500 47 500 1 200 E COCCA SCCO (SDF a former MARZE CBT (5,000 bu mer, cents/500 businet TO POSSE BELLES HAVE GLIDLING, James To-26.75 +3.75 327.50 327.50 1.671 22.344 34.00 +3.25 345.00 342.25 46.787.26 451 345.26 +3.25 346.30 342.30 6.787.26 451 345.25 +3.25 342.35 347.75 6.94 42.31 246.25 +42.55 24.86 247.00 685 17.31 246.00 +2.25 246.76 244.00 457.47 37.54 247.76 42.388 Ann 2101 448 2150 2010 3084 14 522 Star 1873 -10 1830 1872 3386 17 817 Stay 1802 41 1802 1807 771 4805 Ani 1748 -12 150 1746 182 3100 Sag 1730 44 1765 7746 28 55 Sam 1712 49 1740 1710 22 236 Tolat 7,388 34,881 M BARLEY LCE IT per tennes 14-26 -1-30 (14-75 (14-00 (44 63-4 19-15 -1-35 116-75 116-50 138 125 19-00 -1-85 116-75 116-50 27 416-50 110-30 -1-85 116-75 116-50 27 416-50 110-30 -1-85 116-75 116-50 27 416-50 116-5 LONDON TRADED OPTIONS States price & terms -IN COPPER 'C' CSCE 237 SOOKE CONTO TOR THE REAL PROPERTY. 10475 - 215 1075 M 10475 M 104 THE TOYAGEANE COT & CORNE HIS HOUSE PARKET E COPPER III COPPER 400; AS sents country III COPPER (C) E SOYABBAN OR CRT (00.000bs. cents.b) | MAM | -0.00 | 24.00 | 24.75 | 46.4 | 14.77 | 24.27 | -0.12 | 25.00 | 26.82 | 26.41 | 32.32 | 25.21 | -0.12 | 25.05 | 25.12 | 4.75 | 73.27 | 25.55 | -0.11 | 25.71 | 25.71 | 12.72 | 17.65 | 27.75 | -0.11 | 25.91 | 25.75 | 13.05 | 9.165 | 25.80 | -0.12 | 26.85 | 25.86 | 75 | 71.05 | 25.85 | -0.12 | 26.85 | 25.86 | 75 | 71.05 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 | 25.85 III NoT PREMIUM RAW SUBAR LOE HARRES EL COCOA LOS KRAF 1375 1790 1119 940 . 975 1000 . . 17,000 00,000 1650 . 1740 1750 M SOYABBAN MEAL CB1 (100 tone, \$/for ESTERIE! 2237 447 2718 2797 5897 4367 2256 448 2258 2205 11840 76194 2262 447 2295 2237 1184 4186 2219 448 2270 2224 717 11587 2212 43 2245 2221 1239 1236 2210 425 2235 2218 188 138 2210 425 2235 2218 188 138 III WHETE SUGAR LC! STONE. 727 407 725 3517 74 1475 3217 416 344 3475 111 6476 3211 417 334 3473 111 6476 3211 417 334 3309 46 5875 344 41 346 331 186 319 747 42 769 338 75 175 763 419 2960 7860 79 294 327 3888 LONDON SPOT MARKETS E CRUM DE 1 et per bare dans Debe 346-31 felte III POTATORS LCE (Chorme) M BURGAR "11" CICC (112,000Ms revisition) 11.44 - 0.76 11.46 - 11.27 9.786 90.996 11.03 - 27.17 11.04 11.08 11.40 24.505 11.47 - 2.08 11.48 11.09 997 11.77 Identium Gersten Manay Fant Ost Naptethal Jet Buel Owner FREIGHT (BEFFE) LCE \$10.1ndes ports Dec Jan Jan Dot Jan Theat 1636 •12 1645 1620 16 075
1603 •25 1629 1600 177 1755
1502 •32 1590 1580 47 1514
1388 •23 1400 1385 19 162
1606 - 162
1508 - 21 E COTTON NYCE (50,000lbs, cents lbs) Mar Mar Oct Doc Mar **OTHER** Clean Prov 1808 180 NOR JUNCE NY LE (15,000 tos, come tos) Copper Least (US prost) 175.71 175. 25 177.00 177.00 177.00 177.00 129.00 110 00.00 177.00 00 179.00 179.00 13535 +0.33 13230 13175 13455 +0.20 13445 13445 13670 +0.15 13650 13500 13500 +0.96 13500 13500 15 1,483 106 648 86 858 70 500

VOLUME DATA

INDICES

Dec 7 193.38

Jan 1

Feb

REUTERS (Base: 18/9/31=100)

■ GSCS Spot (Base: 1970-100)

SOFTS

III COCCA LCE XNORM

PUTURES DATA All futures date supplied by CMS

THE LONG COLT PUTURES OFFICIAL SUFFEE ESCURE 5486 of 100%.

Feb

Spices
The continuous decime of black paper procedure to a helt this weak as indonessing assure evaporated and some fresh busing pressure evaporated and some fresh busing appeared in Europe, reports. Main Productes. In the coming ministry india well be the major auppler of black paper to world markets which still have to bover substantial qualifities, it looks firely that prices may hold at present levels, Black paper FAQ was offered at US\$2,200 a toma, spot, and at \$2,125 CB to be becoming families higher and prices signed below \$3,400 CB at come for December/Jeruary shipmark. Spot withits was available at ary shipment. Spot white was available at \$3,550 s tonne.

Prost Right | Lifett Inera Right | Lan W | L | Harres HE OIL PRODUCTS NAV proving Among 21 State Stea L. Y. \$112.1 \$43.2 \$100.00 \$1.0.194 Percent Area for Linear Still by 114 field (per they call). Show spot they resil. Padmate (per trey on t 40 G 40 G 40 G 40 G Patterium ther how at 1 \$17.75 Cattle files weight!! Shape five weight!! Pigs five weight!! Burley (Eng feech Marce IUS No3 Yellow) Wheat IUS Dark North 2118.25 33 Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CME and CSCE are one day in agrees. 114 00p 114 00p 420 0m Rutober (KL RSS Not)

MEAT AND LIVESTOCK

THE CATTLE CHE HOLDOOM, CHINATHE

SAME MART

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West Table

(A) ADSTRACTO

Per Annum

WORLD BOND PRICES nustrate
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France 3
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Japan No
Natherlands
Portugal
Spain
Sweden
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ECONOMIC DIARY - FORWARD EVENTS

TODAY: Meeting in Conakry of foreign ministers of the Organ-isation of the Islamic Confer-

closing, "New York mid-de

ECU French Govo

TOMORROW: Nobel peace prize awarded. MONDAY: Producer prices (November). Japan bank lending (November). Buropean par-liament in plenary session in Strasbourg. BIS Group of 10. bank governors' committee

bank governors committee meeting. Venezuela restarts budget talks. TUESDAY: Company liquidity (third quarts). New construction orders (October). US produces price index (November). International Atomic Energy Agency (IAEA) board of governors meeting in Vienna.
WEDNESDAY: Retail sales (November). Labour market statistics: claimant unemploy ment and unfilled vacancies (November-provisional); (November-provisional); employment, hours, productiv-ity and unit wage costs; indus-trial disputes; training pro-gramme participants. Labour-force survey (summer 1995). US retail sales (November); real earnings (November). Monthly meeting of the general council of the World Trade Organisa-tion in Geneva. Meetings of

five power contact group and contact group in Asiamic nations on former Yogockevia in Paris. Summit of central American presidents in Honduras (to Dec 15). Finnish parliameni votes on 1996 budget. Bel-gian public sector workers hold demonstration over rail restructuring and pensions.
THURSDAY: Machine tools
(October). Retail prices index
(November). Final results of
June census of agriculture and horticulture for England horticulture for languard (June 94). US consumer price index (November); industrial produc-tion (November); business inventories (October). Summit

of top Nigerian politicians in Lagos to discuss military government's three-year transition to democracy programme. Summit meeting of the Association of Southeast Asian Nations in Bangkok (to Dec 15). Bundesbank council meets. FRIDAY: Usable steel produc-tion (November). CBI monthlytrends enquiry (December), GB Scientification (third quarter). Earnings and hours of agricultural and horticultural workers (third quarter). European council of EU meets in Madrid (to Dec 15).

25 14 15 P Two year ... Three year ... Three year ... 10-year 30-year BOND FUTURES AND OPTIONS III NOTIONAL FRENCH BOND FUTURES (MATIF) FF/500,000 Low 119,92 119,12 119,46 Open Sett price Change High Est, vol. Open int. 120.44 +0.32 119.54 +0.30 119.80 +0.25 119.50 119.50 120.45 119.68 119.60 76,214 51,544 3,351 133,170 23,178 459 Mar 0.32 0.48 0.71 3,90 3,05 2,80 1,84 1,89 1.03 . . . III NOTICHAL GERMAN BUND PUTURES (LFFET DN250,000 1000m of 100% 
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Transity Blic and Bond Yields

- -E NOTICIAL ITALIAN GOVT, BOND STIP FUTURES SUFFEY Use 200m 100ths of 100% High Open Sett price Change Low . Est vol Open int. 47546 721 105.90 106.35 +0.59 105.93 +0.81 28855 108.95 E ITALIAN GOVT. BOND (STP) PUTURES OPTIONS (LIFFE) Lin200m 100th of 100% PUTS - CMIR . Jun 1.97 1.84 1.88 2.18 2.69 2.06 3.24 . day's open tri., Cuts 3318 Pass 20149 E NOTIONAL SPANISH BOND FUTURES (METT)

Sett price Change \$3.09 +0.09 \$3.06 +0.43 Open High 83,54 Est vol. Open ht. 75,556 95,732 2,740 10,844 92.91 92.88 UK EL NOTICHUL UK GALT FETURES (LIFFE) 250,000 32nds of 100% Low Est, vol Open int. Open Sett price Change High 110-24 110-21 -0-12 1111-15 118-09 118-05 -0-11 111-00 110-21 110-00

Strike Price 119 111 112 Mar 1-42 1-11 0-37 1-10 1-60 Mar 1-52 2-01 2-41 Leest Change 121-04 +0-29 120-29 +0-29 120-15 +0-29 Open 120-03 1-20 0-54 0-32 0-47 0-20 0-06 2-03 1-40 1-17 1-10 8 917 102 407 317,105 322,434 2 7 6 14 749 121-D6 JEPART III NOTIONAL LONG TERM JAPANESE GOVT, BOND FUTURES ALFFEI Y100m 1000m of 100% Ecu M ECU BOND FUTURES MATER ECUTOLOGO Open 121 96 120 52 Close Low Est vol Alteriol Open Sett price Change High 80.48 90.72 +0.16 90.70 89.40 89.54 +0.18 89.48 Low Est vo. Open int 2.406 574 121 91 120 61 1642 42 122 JA 120 62 FT-ACTUARIES FIXED INTEREST INDICES Up to 5 years (23) 5-15 years (21) Over 15 years(5) irredeemables (6) At stocks (58) 123,40 150,52 167,51 180,22 145,23 123 F. 150 S. 167 94 183 F.7 145 S. 6 Up to 5 years (11) 7 Over 5 years (11) 8 All stocks (17) +0 04 -0 00 -0 00 Dec 8 Dec 7 Yr ago High Dec 8 Dec 7 Vi suo High Dec 8 Dec 7 Yr ago High LOW LDW 1.70 8.45 8.75 (7/3) 8.34 8.68 (7/3) 8.31 8.62 (7/3) 8.39 8.66 (24/1) 6 UK 7.72 7.77 5.89 7.80 7.58 7.79 6 版 (6 12) 7 55 成 12) 7 数 成 12) 7 数 版 12) 8 92 7 68 7 74 8 90 7 65 7 71 7 01 7 75 7 79 866 834 CS/R 868 300 (T) 859 805 (C) 2.79 4.00 4.17 (10/1) 2.71 (11/9) 3.50 3.89 3.95 (9/3) 3.48 (6/12) 293 296 (10/1) 0.78 (14/9) 371 377 (9/3) 328 (6/12) 108 105 Average gross redemption yields are shown above. Coupon Bance: Low- 2%-7.4%. Medium: 8%-10.4%. High. 11% and over † Flat yield yield fear to date Base values: UK Gibs indices 51/12/75 = 100.00 and index-Linker; 30/482 < 100.00. 1995 highs and lows. FT FIXED INTEREST INDICES GILT EDGED ACTIVITY INDICES Dec 8 Dec 7 Dec 8 Dec 5 Dec 4 Yr ago High' Low' Dec 7

Govt. Secs. (UR) 96.15 96.03 96.22 95.69 95.35 92.29 96.22 97.22 Fixed Interest 115.04 114.61 114.49 114.06 114.07 108.67 115.04 108.77 for 1965. Sovernment Securities high since completion: 177.40 (97.735, low 49.19.1.17.75 Fixed Integral Fixed Interest 1988. 65 extensive indices released 1974 91.8 100.7 UK GILTS PRICES Notes of Red Price Law- High Law Heles by Red Price C + or - High Lon Fill GT PROSE # OF - TRUS | Indian | Listed | 200 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 980 740 1305 182 746 1015 746 746 1004 183 753 1302 948 737 1772 948 747 1373 948 747 1373 950 747 1373 777 785 1023 -1 1305 1199
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Trees 12/1202 2003-2

Trees 14-1202 2007-2

Trees 14-1202 2007-2 109/1 10254 10254 10255 10255 2755 2006 11444 10256 2977 10055 100 8-40 102-8 8-40 102-8 8-18 102-9 8-12 107-1 8-19 107-1 8-19 107-1 8-29 115-1 8-29 115-1 8-20 114-1 77: 874 - 1121 1015

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# A European conundrum

Europe is in a muddle, and the events of recent days and weeks only emphasise the confusion. If the inhabitants of Jupiter were to send a counter-Galileo space probe, they might be forgiven for being baffled by the signals.
On the political front, the signs

point in different directions. A team of the great and good in Brussels, the so-called reflection group summoned to prepare for next year's inter-governmental conference of the member states, has laboured for months, and brought forth a mouse. Called upon to propose constitutional raforms, both to make the EU more effective and more democratic, they have suggested that only modest tinkering is likely to prove acceptable to all 15. As for preparing the club for a whole range of new members, that all looks like being postponed. Chancellor Helmut Kohl of Ger-

many and President Jacques Chirac of France are clearly not satisfied. So ahead of next week's EU summit in Madrid, they have come up with their own agenda to keep the European integration show oo the road. They have thrown down the gauntlet, to the minimalist British in particular, by insisting they cannot tolerate individual member states blocking

further moves to integration.

They want a new clause to be written into the Maastricht treaty, allowing some member states to press ahead faster than others on the road to ever closer union. It would formalise the whola move towards a multiple-speed or variable geometry EU, with an integrated inner core based on Emu, and several looser outer circles which might allow for enlargement to the east.

A strategy for institutional reform is needed if the EU is to manage enlargement to the east, But everything also depends on what happens to the commitment made in the Maastricht treaty to economic and monetary union. Mr Chirac and Mr Kohl bope Emn will happen; Mr John Major and Mr Lamberto Dini fear it will; the question remains whether it will

#### Mortal combat

France is where this will be decided. The government is locked in mortal combat with its leading trade pnions over a modest ttempt to reform its social security system. Most impartial observers agree that it is the least it could and should do to bring its

public finances under control. The ability of the French government to put through its reforms is a crucial test. But even if Mr Alain Juppe's government

succeeds in achieving its immedi-

ate objective, neither it nor the Emu project will be assured of

The questions would then be how the fiscal deficit criterion for Emn will be applied and how the European economy performs. If the European economy were to persist in its present slowdown, an almost insuperable problem night be created for France. The govern-ment's plan to lower the deficit from 5 per cent of GDP this year to below 3 per cent in 1997 depends on its ability to sustain growth of 21/4-3 per cent a year. That is increasingly in question.

Macroeconomic pickle

The good news for France is that Germany is in a very similar macroeconomic pickle. Prelimi-nary estimates suggest that the German economy registered no economic growth in the third quarter of 1995 and suffered a rise in unemployment to 9.7 per cent of the labour force. The bad news is that the Bundesbank may not act aggressively in response and, even if it does, may not succeed in reversing the drift.

The consequences for France could be dire. If alow growth began to increase French unemployment and raise the budget deficit once more, the chances of Emu might be regarded as increasingly remote. The exchange rate could then coma under pressure, triggering a vicious circla of higher interest rates, slower growth, bigger fiscal deficits and yet more fiscal tightening.

France could find two escapes from the danger, both of them dependent on German good will. The first would be sharp and timely monetary easing by the Bundesbank under the direction of Mr Kohl's former assistant, Dr

Hans Tietmeyer.
The second would be agreement by German politicians that the fiscal position in 1997 will be judged on a structural, or cyclically adjusted, basis, not on the basis of actual figures. If neither of these is forthcoming, France could be thrown off the track toward Emu in the very last lap. Defeating the strikes and demonstrations is absolutely necessary. It may still not be enough.

Messrs Chirac and Kohl bave underlined once again that their commitment and direction is critical to the process. But even if they can deliver Emu for an inner core of member states, they have to define how variable geometry will work to preserve the integrity of the EU as a whole. That is cer-tainly a task beyond the capacity of next week's EU summit. But it is the fundamental question to be defined by next year's IGC.

# When the belt-tightening hurts.

Fears are increasing that governments' enthusiasm for fiscal correctness could derail the global economic recovery, writes Robert Chote

Real interest rates fall as global growth slows

ver the past three years the economies of the industrialised world have been in the grip of fiscal cor-With the notable exception of Japan, their governments have been engaged in a belt-tightening exercise unprecedented at this stage of an economic upswing.

But are we getting too much of a good thing? Figures this week showed that the German economy stalled in the third quarter of the year, while the French and UK mies are barely growing at all. The US too is expected to see growth decelerate markedly.
Optimists believe that figures

such as these mark no more than a pause before global economic activity accelerates again. But as fore-casters fall over themselves to revise down their predictions of world growth for next year, there are fears in some quarters that ovarzealous fiscal rectituda is threatening to derail the recovery.

The trigger for fiscal consolida-tion was the build-up of public sec-tor debt in the 1980s. It was made all the more urgent by relatively low inflation, which increased the burden of financing that debt.
Progress has been impressive.

The Organisation for Economic Co-operation and Development calculates that its 19 biggest member countries have cut their budget deficits since 1992 by 0.6 per cent of national income - excluding any reduction explained by recovery. In the US there is bipartisan support for a balanced budget, while Euro-pean governments have to borrow less if they are to join the single currency under the terms of the Maastricht treaty.

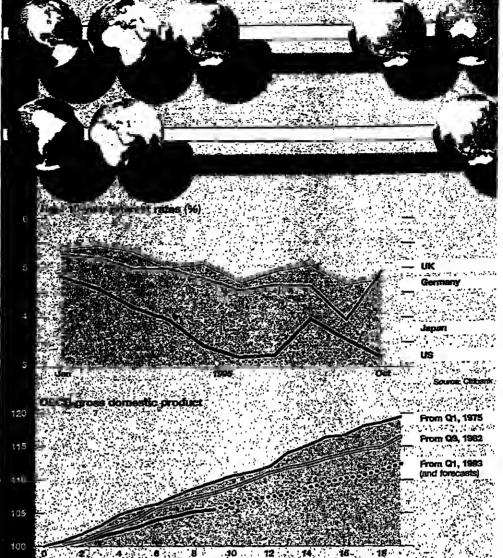
"Political dogma in any of the Group of Seven countries has become fiscally conservative on both sides of the aisle. It is going to take a very long time to reverse these strategies," argues Mr Phil-ippe Jordan, senior vice-president at Daiwa Securities in New York.

Shrinking the state has often proved to be a painful process. The street marches and public sector strikes which caused chaos in France this week are only one manifestation of a pervasive concern in many countries about the consequences of cutting public deficits.

Doubts bave been raised about

the future of state spending on pen-sions and health, for example, Com-bined with the job insecurity brought about by intensifying global competition, the squeeze on public sector activities is helping make these the "nervous '90s".

This deep seated sense of nervousness has been heightened as the industrialised economies show igns of running out of steam. In Germany, France and the UK, analysts fear output will contract in the fourth quarter as companies meet demand from stocks of unsold goods. A stock adjustment is also expected to slow the US economy in the fourth quarter, after growth in the third which was unsustainable. Mr Keith Skeoch, chief economist at James Capel in London, now



expects the OECD economies to expand by only 2.1 per cent next year. This follows 2.5 per cent growth this year and 3.1 per cent in

1994. His views are not untypical. Such unpromising short-term prognoses come three years into a global recovery that has anyway been more anaerule than its prede-cessors in the 1970s and 1980s. Even excluding the persistently weak Japanese economy, output and incomes in the OECD are still 1.5 per cent lower in relative terms than at the equivalent stage of the last two upturus.

The sluggishness of the present recovery cannot be explained by investment or exports, which are behaving much as in previous cycles. The weakness is showing up instead in consumer spending affected by taxes - and government expenditure. "There thus appears to be prima facie evidence that fiscal consolidation has played a big role in generating a slower pace of activity in the early years of the current

The recovery has also been sapped by the overhang of private sector debt which built up in many advanced economies during the 1980s. Many households which would normally be happy to borrow are afraid to do so - and those which would normally save are happy to continue. Growing fears about the future of public sector pensions give an added incentive.

Economic policymakers can, of course, reduce interest rates to bolster growth. But Mr John Lipsky, chief economist at Salomon Brothers in New York, observes that what he calls the "new policy consensus" behind fiscal consolidation also includes a conservative attitude to interest rates.

However, he also doubts whether governments will be able to stick to the new consensus. "The new policy consensus is running headlong into economic realities that will severely test policymakers." he argues. Events in France have underlined the fragility of popular support in Europe for the conservative policies

demanded by the Maastricht treaty. Many observers doubt the US can sustain its recent golden scenario of solid growth, low inflation and high capacity utilisation. And it is still not certain that the Japanese economy is out of the woods.

Investor scepticism about the durability of the new policy consensus is reflected in the stubbornness of inflation expectations, which put upward pressure on long-term interest rates. Mr Eddie George, gover-nor of the Bank of England, complained this week that Mr Kenneth Clarke, the UK chancellor, had lost credibility and pushed up gilt yields by failing to raise rates in May.

In Europe, the differences between interest rates in EU member states indicate that investors believe some are less serious about - or capable of - fiscal rectitude than others, despite attempts to bring convergence ahead of economic and monetary union. Even in the US, the much-lauded Federal Reserve has yet to convince mists cannot give a reliable investors that it means what tion one way or the other.

It says about price stability. Some analysis fear the durability of the new policy consensus may be undermined by the very fact that investors think it cannot last. This may stop long-term interest rates falling sufficiently to offset the

impact of fiscal consolidation.

But Daiwa's Mr Jordan argues that the central banks are simply being stubborn. The Fed, for example, is failing to cut short term rates quickly enough. "The monesary pol-

icies which eradicated inflation are still being employed," he says. The willingness of central banks to act will be tested in the next few weeks. The German growth figures have fuelled expectations that the Bundesbank will cut its official rates in January, while a deal over the federal budget could allow rates in the US to fall then tod. Some observers expect rates in both Ger-many and the US to fall this side of Christmas, and rates in the UK are widely expected to drop next week

ut Mr Skeoch at James Capel notes that the supposed trade-off between fiscal consolidation and looser monetary policy has rarely materialised in the past. Looking at 12 examples of fiscal consolidation in OECD countries over the last 25 years, he found that short-term interes rates ended up 1.1 per cent higher on average three years later. Innger-tarm "real" rates did fall buf mainly because of rising inflation. Any boost the economy migh have received was also often underwined by a blow to competitiveness from a stronger exchange rate that resulted from such policies.

Depending on the timetable for rate reductions. Mr John Llewillyn, chief economist with Lelman Brothers in London, argues that Europe's bleakest time will be the first half of next year. But he lears a victous circle if growth is to low to bring about the fall in briget deficits demanded by the Maas-tricht treaty, and if governments

respond with more budget cuts Either way, the demands of the Maastricht treaty are expected to keep European growth subdled. The Japanese economy appear atlast to recovering - but from sun a low starting point that it is unlikely to make much difference to he

world economy as a whole.

Thus it may be the US that dermines whether the world economy resumes rapid growth. The opimists expect the US to lead a powrful re-acceleration, while the pesimists think any rebound there w be weak and a long time coming.

And what if there is a serious attempt to balance the federal but get? The conventional view is the allowing interest rates to fall. Bu history suggests it may not. The moral of the last two years

in which global growth surprised

almost everyone on the upside in

1994 and almost everyone on the

downside in 1995 - is that econo-

mists cannot give a reliable predic-

FINANCIAL TIMES

### ·LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to fine). c.mail: letters.editor@fc.com Translation may be available for letters written in the main international languages.

## View of dealing system liquidity a myth

From Professor Morris Mendelson. Sir, I was dismayed at your perpetuation of the myth that quote driven systems provide better liquidity than order driven systems ("Exchange and marts", December 1). That is the kind of knee-jerk reaction I would expect from a market maker. Among other things it assumes that securities firms will not make markets oo order driven

I see no reason in the world why, when the spreads are wide, a securities firm would oot want to take advantage of that and eoter both a bid and offer and hope to benefit from the spread just as it does in a quote driven system.

From Mr Aidan Foster-Carter. Sir, Can we nail, once and for all,

the myth that the "four tigers" of

You quote a cabinet minister as telling a City of Londoo audience ("Dorrell admits reform of economy

east Asia today have low wages?

hurt many", December 1) that

"Poland's labour costs are lower

than they are in Singapore, Korea,

or Taiwan". The secretary of state

for health also described the notion

of the UK competing on low wages

"Europe's Hong Kong". But per capita income in the UK

(\$17,4100 in 1994, according to the

Economist Intelligence Unit) is

already lower than in both Hong

The UK remains ahead, for now,

of Taiwan (\$11,340) and South Korea

(\$8,740): but since both are expected

annually, the UK will inevitably be

to go on growing at 6-7 per cent

Kong (\$21,740) and Singapore

(\$22,470)

(while disagreeing with it) as

Since, in an order driven system. the firm is free to enter and leave the market for a security without penalty and does not have to have a regulatory reserve of capital for those securities in which it chooses to make markets, a profit seeking securities firm is likely to be on the alert for excessive spreads, shifting its market making from stock to

is less risky than on SEAQ since the

bids and offers are anonymous. Furthermore, since a properly designed order driven system has time priority, poteotial liquidity providers are encouraged to expose their willingness to trade. As we

Asia's 'four tigers' are no longer low wage areas

overtaken. Already, Daewoo's monthly wage at its VCR plant in Antrim, Northern Ireland (\$1,200) is lower than what it now pays at home in Korea (\$1,200, plus free

As for Poland, its annual per

other emergent east European

economies, here the relevant

capita income of \$2,490 puts it in a different league altogether. As with

comparison is not with the original

Asian "four tigers" but with the

following in their wake, such as

Malaysia (\$3,570) and Thailand

south-east Asian "tiger cubs" now

Such relativities explain why, as

you have reported, Daewoo is now

buying up much of the Polish motor

Of course, at the outset the first

four tigers did have low wages. So

did Japan: but anyone who still

held that view of Japan today

would surely be unfit to run a

lunches).

(\$2.330).

industry.

stock depending on where its services are most needed. Exposure have discovered in the US in the crash of 1987, the liquidity provided by market makers was grossly

While they broadcast their bids and offers on Nasdaq, many simply did oot answer the phone. Finally, when the Toronto Stock Exchange introduced "Market by price", an order driven system, spreads

Morris Mendelson, professor emeritus of finance, Wharton School of the University of Pennsylvania. 36-20 Locust Walk, Philadelphia, PA 19104-6367,

company, let alone the country. In

1995, is it any less inexcusable for a

minister to be so ignorant of basic

data and trends in east Asia more

praised Mr Dorrell's speech as "one

of the most coherent accounts by a

government's. . .strategy". If even

false and outdated assumptions,

their best thinking is based on such

small wonder the UK is in the mess

The idea that his City audience

may be equally misinformed is too

awful even to contemplate.

senior lecturer in sociology,

Aidan Foster-Carter,

University of Leeds,

Leeds LS2 9JT.

Leeds University Korea

And yet your political editor

broadly?

minister of the

#### France right to reform

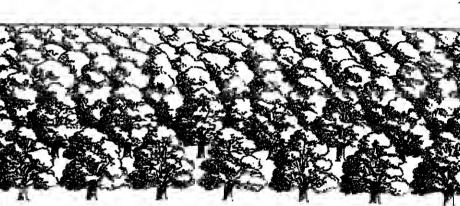
From Mr John Stevens MEP. Sir. Your leader "Il n'y a pas d'alternative" (December 5) on the real issues at stake in the present courageous stand of the French government to secure a reform of its public finances was absolutely

correct.
It is deeply depressing how many so-called Conservative commentators in the UK seem to be advocating the interests of trade union power and fiscal irresponsibility, simply because of their hostility to European

The fact of the matter is that the French government is doing the right thing in cutting its deficit regardless of the Maastricht criteria. France is one of Britain's principal trading partners. The UK has a huge vested interest in the long term health of the French economy which can only be secured if these reforms succeed. The parliamentary opposition to French prime minister Alain Juppé's programme is being led by the French Socialist party with which the British Labour party is closely linked in the European parliament.

This, when taken together with recent remarks by EU transport commissioner Neil Kinnock ("Kinnock breaks ranks with Brussels on Emu", November 28), would aeem to suggest that the chances of Labour leader Tony Blair actually being able to deliver the sort of rigorous control of government spending necessary for Britain to be at the heart of European affairs are negligible.

John Stevens. 39 St James's Place London SW1A 1NS, UK



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## THE RIGHT BUSINESS **INFORMATION**

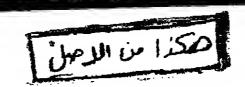
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At the head of marching workers complete with megaphone and flat cap, he is rapidly transformed into what he really is: the union leader with a pivotal position in the battle for the reform of France's

social security system. These two apparently contradicipry aspects of his image serve well to illustrate the personal and political tensions pulling Mr Blondel, secretary general of Force Ouvrière (FO), one of France's largest unions in different directions. in miny ways, he is exper-iencinghis finest hour as mastermine of the wave of strikes and denonstrations that have swept France in response to the scial security reforms proposed last month by Mr Alain uppe, the prime minister. last Thursday - two weeks after the first strikes began crowds of more than 700,000 people gathered on the street in cities across France,

Mr slondel's rise to promihas been based on his colourul personality and his

raising the spectre of the trou-

Man in the News · Marc Blondel

# The striker with the cigar

The French union leader still has a lot to prove, says Andrew Jack

ability to focus on the main concerns both of trade unionists, and large sections of the general public. But there are signs that this consensus may be beginning to break down.

To thousands of irate commuters in Paris who staged counter-demonstrations last weekend, for example, he has become a figure of hate. "Blon-del, c'est le bordel," - it's a complete mess with Blondel they shouted. There were even chants of "Blondel - a mort" death to Blondel.

Yet despite the disruption to business, the huge traffic jams and the enormous inconvenience for those attempting to get to work, the bulk of public opinion is still behind him. The latest poll, published last week, suggests that 58 per cent

of the French believe continued strikes are justified. For the estimated one third of public-sector employees who stayed away from work on

Thursday, Mr Blondel symbolises their determination to fight what they perceive as the growing threat to their job

security and retirement entitlements at a time of high unemployment and slowing

economic growth. Some other unions have accepted the need for an overhaul of the present deficit-generating social security system and have responded positively to Mr Juppe"s proposed

But Mr Blondel has dominated media attention with his dogged determination to pursue the strikes. His lively per-sonality appeals to journalists, with the result be appears daily in morning radio broadcasts, afternoon newspapers and evening television discussions, even if the coverage is not always favourable.

The grandson of miners from northern France, and a former civil servant, Mr Blondel, 57, a beer-swigging bull-fight fan, is fond of histrionic gestures, such as pulling out his own payslip - limited to FFr14,000 (\$2,817) a month - in front of the cameras.

In his six years at the helm of Force Ouvrière, where he is

dubbed "the general", he has done much to radicalise the

So it is no surprise that he has sought to exploit the present unfocused but broad range of public frustrations with the state of France, upping the demands of the strikers from "withdrawal of the Juppe plan" to wider concerns about the preservation of the public sector and the need for salary.

Among his other initiatives, he bas brought Force Ouvrière closer to the Confédération Générale dn Travail, the grandparent of France's labour movement, which celebrated its centenary at a congress last

In a widely-photographed gesture at the end of November, Mr Blondel publicly shook hands for the first time with Mr Louis Viannet, the Communist head of the Confederation Générale du Travail. He has also said that be has ambitions to form a united "granda

Rapprochement would not

RPR leader, in the presidentia election campaign this spring. encouraged by Mr Chirac's pledges about preserving the country's social security sys-

He pronounced himself satisfied with the ideas for reform after a meeting with President Chirac in October. He was visibly angered and embarrassed when Mr Juppe'e final version of the plan bore little relation to the one discussed, and bitterly accused the president of "lying by omission". Along with some other

union leaders, he dismisses as a charade Mr Juppe's sup-posed negotiations with the Furthermore, Mr Blondel umions in the development of owes his position to a bizarre his reform plan. There is a more tangible

explanation for Mr Blondel's discontent, however. Force Ouvrière at present presides over the Caisse Nationala d'Assurance Maladie, with a FFr600hn annual budget to reimburse much of the country'e health care expenses. Under Mr Juppe's plan, admin-istration of the Caisse would be brought under the control of the French parliament.

In the circumstances, Mr Blandel's hardline reaction to Mr Juppé's proposais islogical. Whather it is sustainable, given the diversity of the groups involved and the worsening winter weather, is another matter



# Repent at leisure

Peter Norris reflects on the collapse of Barings for the first time ince it failed to John Gapper

en days before the ignominious collapse of Barings, the UK merchant bank, in Februry, two men met in its 24th-por Singapore office. One was ir Peter Norris, the 40year ld bead of investment baning. The other was Mr Nick Leeson, a 28-year-old trad in financial derivatives. Te months later, Mr Leeson has ist started a six-and-a-half yearsentence in a Singapore jail or fraud in connection intence in a Singapore with the £830m derivatives loss that brought down Bar-ing Mr Norris spends most

day looking for another job. night, he returns to his lare bouse near Bedford, and hiswife and two young childra. Mr Leeson beds down on a raw mattress in a shared ce. But Mr Norris has no sympahy for the trader who aruptly cut short his own util then golden - career.

I think be was someone io took ruthless advantage, arently from day one, of ving been given responsibily in a certain area, and who terly corrupted it." says Mr orris, who left Barings in ay with 19 other senior execes linked to the disaster. Mr Norris faces being barred rom serving as a director of an nvestment bank by the Securiies and Futures Authority, the City regulator, Moreover, he has been accused by Singapore inspectors of trying to conceal Mr Leeson's unauthorised trad-

ing before the collapse. Mr Norris says he is particularly pained by the knowledge that he had Mr Leeson in front of him without realising what he was concealing. "It is unbelievably galling, but the fact is that that information had not come to me. It came a week

He says his encounter with Mr Leeson was a routine 15minute meeting, one of several be had with local staff. He asked Mr Leeson a gentle question about whether others were upset at him earning so much money. I recall it because frankly I did not understand the rather convoluted answer that I got back," he says.

The Singapore inspectors bave accused Mr Norris of lying, citing eye-witnesses who say the meeting lasted 90 minutes. The implication is that Mr Norris and Mr Leeson were plotting. Mr Norris says there is no truth in this.

The Singapore authorities appear to be considering whether to bring charges

profitable business propo

sition was put to MPs debating the UK Budget L his week: more money

could he made bringing a car boot

full of tobacco for hand-rolled ciga-

low rates in Belgium. A 50g pouch

against Mr Norris, Mr James Bax, the former head of the Singapore office, and Mr Simon Jones, the local operations manager. Mr Bax and Mr Jones are more vulnerable since they are living in Singapore.

Mr Norris has less to fear, but must also face the reality that many Britons eympathise with Mr Leeson, and regard the former executives of Barings headed by Mr Norris as bearing a heavy responsibility. Such public humiliation may

be harder for Mr Norris to take than others. Unlike some executives who left, be was not close to retirement. Furthermore, be had a reputation for arrogance, having risen rapidly to the top under the former chairman, Mr Peter Baring. "I am not asking for sympa-

thy, but if people think clearly about what has happened to a number of people's lives and future prospects, the effects of this have been severe," he says. Indeed, Mr Norris admits to having to re-appraise his "what you can cope with, and what you can't" - as a result. From early on, he has been

more willing to shoulder blame for his role in the collapse than some other executives. "Anvbody who was involved in the management of the business can reflect on things they might have done that would have made a difference. I can certainly do so," be says.

Yet be insists that part of his responsibility was formal rather than direct, in the sense that the dehacle bappened while he was in overall command. Although he talks of it analytically, he is clearly irritated that others played down the extent to which they had direct responsibility for Mr Leeson during the Bank of

England inquiry. It is human nature for people confronted with this sort of thing to re-consider and re-present what they were doing and wby they were doing it," be says. Although be does not mention the name, he seems particularly stung by the admissioo by Mr Ron Baker, former head of derivatives. that he was unfamiliar with equity derivatives.

He says a lack of understanding of derivatives among senior managers "is definitely part of what happened," but the Bank inquiry uncovered acknowledgements inexperience and lack of qualifications in running the



Peter Norris: 'It is a matter of anxiety as to when and how I am going to earn a viable salary again' Photograph: Trevar Humphries

presented at the time". Despite the lack of controls that let Mr Leeson run amok. Mr Norris insists Barings was competently managed in other areas. "In this instance, with unbelievable effects, the process failed, but the factors that caused the failure were not prevalent throughout the

organisation," he says. He puts a large part of the blame on the re-organisation it was undergoing. Controls were revamped after the departure Mr Christopher Heath, founder of Baring Securities, in 1993, and Mr Norris was trying to integrate the organisation with Baring Brothers, Barings' merchant banking operation.

n the context of the fraudnlent activity that had already started, that definitely meant there was too much going on in the organisation," be says. "In important areas of management, people had extraneous things on their minds which were not simply to do with running the business.

Mr Norris recognises sympathy for the former executives will be limited, given revelations about how much they were paid. He was due to receive a £1m bonus for 1994. £450,000, and Mr Andrew Tuckey, the bank's deputy chairman, was due to receive £1.6m, although none of them were

From outside, he can reflect

at lessure on the industry that used to pay him so well. "It is clearly not a matter of justice. The issue of how investment banking has become a supranational industry enjoying unbelievable rates of remuneration is a very big topic." It is a moot point whether he

will even earn such bonuses again. Even if he escapes a ban by the SFA, his curriculum vitae has been badly marred. "As a family, we are not desti-tute, but it is a matter of anxiety to me as to when and how I am going to he able to earn a viable salary again," he says. Perhaps he would not evan want to be an investment banker again. The collapse not only cut short a career, but made him wonder if it is possible to manage a modern invest-

ment bank according to Bar-

ings' ethos. He was fond of the

bank, at which everyone trusted each other. "I suppose my most bitter reflection is that it was an institution where I always thought one rarely, if ever, had to question the motives of one's colleagues," says Mr Nor-ris, who spent all but three years of his 19-year career at Barings after graduating from Oxford University in 1976. "Now I see that it was a

naive judgment, well by passed by the growth of the bank, and the extent to which its character was changing," he says. To reflect that the approach had so clearly become inade-

UK rail privatisation is finally set to go ahead, says Charles Batchelor

be last obstacle has been removed and the privatisation train is finally ready to depart. Yesterday's ruling by the High Court that Mr Roger Salmon, the UK's rall franchising director, had not set unacceptably low minimum levels of rail service earlier this year when he offered the first passenger service franchises for sale, all but clears the way for UK rail privatisation to go

rière has a long tradition of moderation, and split away

from the Confederation Génér-

ale du Travail in 1947 for the

very reason that it believed

trade unions should be kept

independent from the Commu-

nist party or any other politi-

alliance between radical Trots-

kyites and privete-sector

union members associated

with the ruling centre-right RPR Gaullist party.
This alliance has carried

him to victory in the last two-

leadership elections and his

hope is that it will propel him to a third win next February.

Neither element in this alli-

ance would welcome closer

links with the Confederation

There is little doubt that Mr

Blondel'e personality has

played an important role in

inflaming the present deadlock in France. Although he says

he is a socialist, he allied him-

self to Mr Jacques Chirac, the

Générale du Travail.

Although disappointed anti-privatisation campaigners are to go to the Appeal Court on Monday in a last-ditch attempt to reverse the judgment, their prospects of winning appear slight. If their appeal fails, the winners of the first three franchises - for Great Western, South Western Trains and the London, Tilbury and Southend line - will be announced on

Britain has been in the van-guard of an international move owards rail privatisation. Legislation to permit a split between track ownership and passenger train operations has been passed and British Rail has been broken up into more than 80 companies for sale to

the private sector. A European Union directive passed in 1991 requires member states to separate infrastructure from operations but other countries have moved more slowly.

Management buyout teams are believed to have won the bidding for both the London, Tilbury and Southend line in south-east England and Great Western. South West Trains seems set to go to Stagecoach, the aggressive Scottish bus

group. Stagecoach has e reputation for fighting tough and slashing fares where necessary to drive out competition, but it says it intends to give passengers a better deal. "You can be sure we will not be planning to reduce services," said Mr Brian Souter, chairman, "Our track record in our bus business is one of continuous expansion and not contraction."

The management teams will be committing their personal finances and their careers to the venture so they can he expected to take a long-term view. But some doubt their ability to free themselves from a bureaucratic British Rail culture steeped in cost-cutting rather than innovative market-

Others are concerned that, with large amounts of public subsidy still going into the railways, the Treasury might not be able to resist the temptation to chip away at rail finances over the length of the franchises. These will run for at least seven years. The High Court challenge

Slow train coming at last

when it was starting to gather speed. The immediate effect of yesterday's judgment is to remove uncertainty over the sell-off timetable

Taking BR to market was always going to be a delicate juggling act, with the franchising director and the rail regulator balanced uneasily between imposing too many restrictions and relaxing contrais too much.

Tha minimum sarvice requirements - the government prefers the term passenger service requirements announced by Mr Salmon, set out very detailed minimum standards for train operations. These will apply to all 25 pas-senger franchises to be sold over the next two to three years. Standards for seven franchises have so far been spelt out.

The requirements set a time when the first and last trains of the day must run, the stations which must be called at and the minimum frequency of services. It is up to the train operators whether they run

more services. The franchising director has attempted to concentrate subsidies on services likely to prove unattractive to private operators. The government will provide £1.5bn in subsidies in the first year of privatisation - e £700m increase from present

On the east coast main line, probably the most profitable of BR's routes, he has only stipulated en hourly service between London and Newcastle noon Tyne, in north-east

present half-hourly service. . But on the less well-used and less regular services, he has put more restrictions in place. Overall, Mr Salmon calculates that he has required that 75

per cent of east coast services will still run. Bidders for franchises are adamant that they will want to increase services. We will far exceed the passenger service requirement and where possibla we will exceed InterCity east coast'e current service

eading a management buyout But the government's protes-tations and these promises cut little ice with the Central Rail Users' Consultative Committee, a national passenger watchdog.

says Mr Brian Burdsall, who is

"It is not important what percentage of trains is included in the passenger service requirements but why it is being cut at all," says Mr Phil Wilks of the committee.

For critics such as these, the minimum service requirements may look extremely lax. But from the perspective of some bidders, they are already so onerous as to make it difficult to run a viable railway. The curbs imposed cover not just timetabling but fare levels and

Fare increases will not be allowed to exceed inflation for the next three years and must be held at I percentage point below inflation for e further four years.

Controls will be toughest on commuter routes, where passengers have no real choice of

how they get to work and on routes where trains fulfil a social need.

Mr Salmon calculates that 80 per cent of the ticket revenues of London, Tilbury and Southend, a mainly commuter line, will be subject to regula-tion, while just 26 per cent of Great Western's ticket revenues will be affected.

The London, Tilbury and Southend line, which has the reputation of being one of the most unreliable in the UK and is run with 30-year-old carriages, has been dubbed the misery line' by many long-suffering Essex commuters.

Mr Salmon points out that this is the first time that there has been a contract requiring train operators to provida a certain level of service, or to keep fare rises within certain

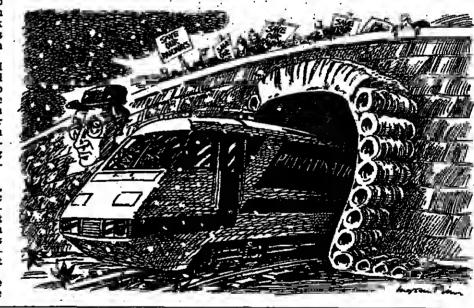
In the past, BR used its own judgment based on commercial and social factors and tha amount of money it had availehie, to decide both fares and service levels. Over the past 10 years fares have risen by 22 per cent above inflation. Service levels have also been at

BR's discretion. The fear of the critics of rail privatisation is that even if the new operators do mean what they say about increasing services, they will face inevitable eash constraints and start

making cuts. But the operators say that cost-cutting has been tried by BR in the past and that swingeing further reductions would be naeded to achieve any measurable savings.

They see the route to profitability in boosting rail travel by more imaginative marketing and by improving service

"We would operate the exist-ing timetable for at least two years," says one rail franchise bidder. The whole object is to get more people using trains.



# Smugglers drive on the tobacco road

Roderick Oram on the growing power of the cross-Channel bootleggers

rettes across the Channel than by smuggling 10kg of cannabis. ing the equivalent of £1.95 in Bel-Doubtless no MP would act on gium has a street value in the UK of between £4 and £5, undercutting the tip from Ms Jacqui Lait, the bonourable member for Hastings the retail price of Golden Virginia and Rye. But plenty of other people or Old Holborn - which are legally bave already cashed in on that available in the UK - of £7.39.

Supply is no problem. "I can take In the past few years Dutch-made Drum has become the third biggest you to any town or city in this country and find you some in 20 selling brand of hand-rolling minutes," says Mr Clive Turner, tobacco in the UK. It has 13 per executive director of industry cent of the market, even though it affairs at the Tobacco Manufacturis not legally for sale in the UK ers Association, which is worried because of a trademark dispute.

The suppliers are bootleggers about the effects of smuggling on the legitimate tobacco business. exploiting the difference between Pubs, cafés, car-boot sales and high excise duties in the UK and door-to-door sellers are the best

sources of smnggled tobacco.

Tobacconists rarely sell it for fear

of losing their legal supplies.

Illegal traders will supply some
3,000 tonnes - or 50 per cent - of chancellor, acknowledged this in the UK market for hand-rolling tobacco this year, the association estimates. Imported tobacco volumes rose rapidly after border controis were eased in 1993 when the EU single market came into effect. and the flow has accelerated rapidly this year as bootleggers have built their distribution networks. Hand-rolling tobacco is one of the most lucrative products to smuggle into the UK, because it is easy to carry and bears higher rates of

ernment some £370m in lost excise

duty than cigarettes. The smuggling will cost the gov-

the Budget by freezing the duty on band-rolling tobacco, although tobacconists say this is like Camute trying to stop the tide coming in.
"Everybody thinks they are just cheating the government which they feel is a good game to play," says Mr Paul Mason of the Tobacco Alliance, a lobby group for retailers. "But they forget they're taking out every one else as well."

Newsagents and corner stores are seeing their tobacco sales, a core business, falling away rapidly. Mr Mason says be cannot compete given the high duty and his slender

tobacco. Smokers with packets of Dram sticking out of their pockets are combig in only to buy cigarette papers and matches, he says. Only blizzard of National Lottery ticket sales has helped fill the gap for newsugents.

The issues are broader for eampaigners such as Ms Lati. She is worried about the health implications of young peopla having easy access to cheap tobacco smoked in unfiltered cigarettes. Sales of cigarette papers have risen 50 per cent in the UK over the past five years, indicated a big switch to roll-your-

Bringing hand-rolling tobacco

consumption is legal, but reselling it in the UK is not. Customs & Excise considers 1kg an appropriate maximum quantity. When officers earlier this year challenged a man carrying Ilkg, he said he mixed it with beef, garlic, carrots and onions in a stew in which he bathed to ward off colds and rhenmatism. The tobacco was confiscated and he was fined.

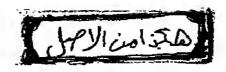
Smuggling is a low-risk crime for those involved - mainly pensioners looking for a little extra income, truck drivers and the organised gangs. The association believes that Costoms officers detect barely I per cent of the tobacco traffic.

imposed to date is just 27 months. Nobody in the industry believes the government will cut duties enough to stop the smuggling - it needs the tax revenue from the iegal trade and uses high tobacco taxes as part of a bealth policy to discourage smoking.

The maximum prison sentence

As for the UK manufacturers, all is not lost. They have yielded some market share to brands such as Dram, but UK exports of Golden Virginia, Old Holborn and other tobaccos to continental Europe have tripled to 1,300 tonnes a year - with much of it smuggled back into the UK.

The attractions are obvious: "A working man doesn't have to roll a cigarette thin like a matchstick any more," says Mr Dave West, a British entrepreneur who sells tounes of tobacco to cross-Channel shopcan afford to roll a fat one."



WORLD INTEREST RATES

Over

MONEY RATES

#### **CURRENCIES AND MONEY**

#### **MARKETS REPORT**

## **Erratic markets**

#### By Philip Gawith

Foreign exchanges had a fairly volatile day yesterday as the the shifting sands of interest rate sentiment drove markets

to and fro. Sterling fell to a seventeen month low against the dollar, before recovering, and the lira also managed to break through the L1,000 level against the D-Mark. The dollar, however, was the main focus of attention, taking its lead from the volatile trading performance of

the US Treasury bond market. The dollar finished in London at DM1.448, from DM1.4416, but well off the intra-day high of DM1.4545. Against the yen it was little changed at Y101.25.

from Y101.185. The fall of sterling against the dollar was attributed to a large options position to aell the currency, rather than to any economic or political development. It fell to \$1.5205, before recovering to close at

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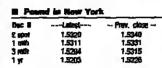
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\$1.5274, from \$1.5878 on Thursday. It was also slightly weaker against the D-Mark, finishing at DM2.2116 from

DM2.2168 The D-Mark was weaker against most currencies, reflecting the market's increasing belief that the Bundesbank may cut interest rates next Thursday. It slipped decisively below Y70 against the yen for the first time in ten weeks closing at Y69.89.



The market continued to make light of the political trou-bles in France, with the franc firming slightly to finish at FFr3.440, from FFr3.449, against the D-Mark.

balling phrase, a game of two

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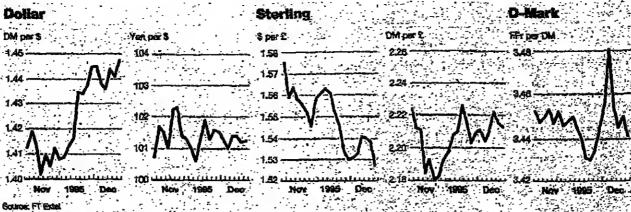
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halves - in the morning, the D-Mark was the focus, and the expectation of a cut in rates caused it to lose ground across the board. In the afternoon, however, it was the dollar that made the running, and these moves were first reversed, when the dollar rallied, and then partially re-instated as it fell back once more.

The dollar's unsteady route was the result of the bond market's inability to decide what to make of the November employment report, and subse-quent data. Mr Tony Norfield,

UK treasury economist at ABN AMRO in London, said the report had been uniformly weak. The Fed is absolutely certain to cut rates. It is just a question of when," he said.

Armed with this information, the bond market rallied strongly, pulling the dollar with it. Later, strong consumer credit figures suggested a slightly less friendly environ-ment for US asset markets, and the dollar fell as bond and equity markets retreated.

Mr Avinash Persaud, currency strategist at JP Morgan

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THREE MONTH STEPLING FUTURES (LIFFE) \$500,000 points of 100% Sett price Charge

High

Low

in Landon, predicted that the prospect of lower German interest rates would probably support the dollar, but it is impeded in its advance by the size of long dollar positions."

The same factor is underpinning the French franc, although Mr Persaud said he believed the franc would have no place to hide once German rates started to rise again.
The stability of the franc

over the past week, despite widespread political and indus-trial disturbances, has made clear that the market believes

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EMS EUROPEAN CURRENCY UNIT RATES

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stand firmly behind

This support has been ever since the prime m Mr Alain Juppe made cl his budget last month th route of fiscal rigour, no rency devaluation.

Whether they can succ the long term remains a point. Mr Persaud said: inevitable that at some po the next six months, the will fall off a cliff."

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index	US Dollar Italien Line	- 10월	- 103	512 - 51 1074 - 10	104	- 5/4 - 10/6	10 - 10 /	107 - 10	12 - 5/2 10 10 15	
108.4	Yen Asien \$9ing	1%	- 13,	36 - 34 136 - 1	23	- 24	2 2 - 23	25g - 21;	2 22	
108.5 108.5	Short lenn rat	ing are cal	f for the	US DOM	and ter	QUIES.				.:
97.2 109.5	IN THORSE	MONTH !	PEBOR	FUTURE	TAM) ES	F) Peris	interbank	offered rai	e (F 5m)	. 1
110.5 66.0		Open	Sett p	vrice Ci	ange	High 94.34	Low 94.18	Est. v 38,89	ol permint	
70.8	Mar Mar	94.78	94.7	73 +	0.12 0.04 0.01	94.80 94.95	94.84	15,60 7,491	9 10,201	
106.3	Jun'	94.86	94.9	<b>42</b> •	QU1	9-130	<b>VU</b>		1	
94.8 81.4							· Dazim no	inte of 10	196	
88.8	W THREE	Open	Sett p		ange	High	LOW	Est. v		
82.3	Dec	96,05	96.0 96.3	7	0.01	96.08 96.38	96.05 96.31	9830		
•	Mar Jun	96.35 96.30	96.3	8 1	0.01 0.01	96.43 96.38	96.35 96.30	16980	9533	
:	Sep III THOREES	MONTH !	EUROL						196	_
82.7	Dia.	Open	Sett p		ange 0.04	High 89.58	Low 89.52	Est. v 2990		
94.9	Mer Mer	89.55 69.68 90.18	99.9	4 4	80.0	90.00	89.87 90.18	5192 762	145 768	
86.0	geb	90.30	90.3	3 +	0.04	90,35	90.27 S (LIFFE) 5	321	318	
	- Treater	Ореп	Sett p		ange	High	Low	Eza. ve		•
143.0	Dec Mar	97.81 98.02	97.6		:	87,83 98.04	97,80 98,01	569 2003	1.73 2.96	
:	Jun Sep	98.08	98.0	В	20,05	98,09	98.05	1625 537	127	
:	THE THEFE		BCU IN	TURES	(LIFFE) E	outm p				
:	Dec	Open 94.63	Sett p		ange 1,03	High 94,64	94,81	508	53	
- :	Mer	94.84 64.86	94,83		1.01	94,84 84,94	94.62	459 181	519 447	
and to the ED=700	Sep 'UFFE NAME	94.89 May wash	94,80 ad on AP		201	94.93	94,98	313	220.	
									1	
	- THEFE				IMM) \$11 BINGO			End him	d Openia	
Div.	Dec	Open 94.24	94.2°	7 +0	102	High 94.27	94.24	51,733	295.0	å
18	Mágr July	94.64 94.79	94,8		).02 1.07	94.88	94.62 94.78	107,02: 108,34		٠.
14	B US TREA	OUTY B	LL PUT	TURES (	MIM) S1r	1) per 10	00%			
11	Mar Jun	95.08 95.23	95,1 95,3		0.04	95.13 95.30	95.07	1,041	8,646	
1 -6	Sep	-	95.3	1 +0	0.07	95.30 95.31	95.23	313 10	1,728 36	
-10 -24	All Open Intern		, AF PROV	-ves day					1	
-	E STATE OF THE STA	RSK OPTI			11m pet	nts of 10	X0%			ł
ngdh.	Strike Price	Dec	Jan	Feb -	Ma		ec Ja	PUTS -	Mar	1
no the bill rates from its	9600 9625	0.02	0.35 0.13	0.37 0.18	0.38 0.18					\
Times.	9650 Est. vol. total, (	0 Cass 1059	0.03 Puta 365	0.06	0.07	0.4	43 0.1	0.22	0.23	}
	Strike	TSS FRA	UIC OP	TIONS	UPPE) S	Fr 1m p	oints of 10	0%		1
Føb	Price	Dec		Mar	Jun		Dec	Mar	J.n.	-
1,99	9775 9800	0.03		0.36	0.45		0.02 0.21	0.07 0.14	0.12 0.19	Į
2.90	9825 Est. vol. total, (	0.01 Calls 0 Put	s C. Prev	0.06 nava dayh	0.14 a open in		0.44	0.20	0.31	ļ
3.50								-		1
4.15										i.
										1
4.15										***************************************
4.15	E EUROLIR									

EXCHANG	E CR	OSS	RATE	S														
Dec 8		BFr	DKr	FFr	DW	Æ	_ L	Я	MKr	Es	Pts	SKr	SFr	2	CS		_ Y_	Scu
lelgium	(BFr)	100	19.81	1873	4.864	2.126	5336	5.442	21.39	510.B	414.7	22.38	3,934	2.198	4,613	3.358	339.8	2,636
enntark	(DKI)	53.18	10	8.893	2.585	1.130	2837	2.893	11.37	271.5	220.4	11.89	2.091	1.169	2.452	1.785	180.7	1,401
rance	(FFr)	59.77	11.24	10	2.907	1_271	3190	3.253	12.78	305.3	247.9	13.37	2,351	1.314	2.757	2,007	203.2	1.578
ermeny	(DMI)	20.58	3.868	3.440	1	0,437	1097	1.118	4,397	105.0	85.26	4.508	0.809	0.452	0.948	0.690	69,89	0.512
eland	(E)	47.00	8,848	7,869	2.287	1	2510	2,559	10.06	240.2	195,0	10.52	1,850	1.034	2170	1,579	158.9	1.240
aly	(1.)	1.874	0.353	0.314	0.091	0.040	100.	0.102	0.401	8.571	7.771	0.419	0.074	0.041	0.086	0.083	6.370	0.048
etherlands	OF O	18.38	3.457	3,074	0.894	0.291	8.066	1	3.930	93.66	76.20	4.109	0.723	0.404	0.948	0.617	62.46	0.484
DEWSY	(NKr)	46.78	8.797	7,623	2.274	0.894	2495	2.545	10	238.8	193.8	10.48	1.839	1.028	2.157	1.570	159.0	1.233
ortugal	(Est	18.58	1.683	3.276	0.952	0.418	1045	1.065	4.187	100.	81.19	4.378	0.770	0.430	0.903	0.657	66.55	0.518
Pain	(Ptal	24.11	4.537	4.034	1.173	0.513	1287	1.312	5,157	123.2	100,	5.392	0.949	0.530	1.112	0.810	81.97	0.836
vaden	(SKY)	44,72	8413	7.482	2.175	0.951	2386	2.434	9.563	228.4	185.4	10	1.759	0.983	2.063	1.501	152.0	1.179
vitzerland	(SFr)	25.42	4.783	4.253	1.236	0.541	1357	1.383	5.437	129.8	105.4	5.685	1	0.559	1.173	0.854	88.42	0.670
<	(2)	45.48	8.556	7.609	2.212	0.967	2427	2.479	8.728	232.3	188.6	10.17	1.789	1	2.098	1.527	154.8	1.199
enade	(CS)	21,68	4.078	3.627	1.054	0.461	1157	1.160	4.636	110.7	89.90	4.847	0.853	0.477	1	0.728	73.59	0.571
5	(5)	29,78	5.603	4.963	1,449	0.633	1589	1.621	6.380	152.1	123.5	6.660	1.172	0.655	1.374	1	101.2	0.785
pan	m	29.42	5.534	4.922	1.431	0.625	1570	1.601	6.291	150.3	122.0	6.578	1.157	0.647	1.357	898.0	100.	0.776
PLI .	•	37 93	7.136	6.346	1,845	0.807	2024	2.064	a112	193.7	157.3	8.482	1.492	0.834	1,750	1.274	128.9	1
	E	Almena		and Swe	-	4/k E	ekalen Fran	IC. Yen. E	cudo. Um	and Perci								

	Open	Latest	Change	High	Low	Est. vol	Open Int.		Open	Latest	Change	High	Low	Est. vol	Open &
Dec	0.8312	0.6876	-0.0035	0.0926	0.8876	1T.733	60,067	Dec	0.9680	0.9656	-0.0007	0.9895	0.9857	10,505	45,796
/ar	0.6950	0.6905	-0.0036	0 6955	0.0905	2.847	13,795	Mar	0.9990	0.9990	-0.0010	1.0025	0.9990	3,548	23.89
un	0.6939	0.6939	-0.0031	0.0939	0.6939	162	1,028	<b>Jun</b>	1.0112	1.0112	-0.0014	1.0112	1.0112	2	614
SWIS	S FRANC PU	TURES (A	MM) SFr 125	,000 per S	Fr			<b>अ</b> शहा	LING FUTUR	ES (MON)	£62,500 per	2			
Dec	0.8545	0.8511	-0.0027	0.8560	0.8507	11,772	36,151	Dec	1.5330	1.5216	-0.0112	1,5338	1.5200	9,087	46.552
nar -	0.8618	0.8581	-0.0031	0.8632	0.8580	2,374	11,290	Mar	1.5300	1.5204	-0.0102	1.5300	1.5180	CAS.E	7.770
ur	0.8882	0.8660	-0.0023	0.8685	0.8580	46	566	JUTI	-	1.5200	-0.0076	-	1.5200	8	18

3,578 1,482	1.492		.357 0.9 .750 1.2		0.776	Percentago chi ratio between t for a currency. Eco contral ret	res not by the Eur narges are for Eur two spreads: the and the moximus to, and the finish United	E positive chi percentage dil n permited pr	erge derotes lerence between rominge dori	a week curren on the ucase i etion of the cu	cy. Divergence number and Eco mancy's marks	shoup the control rates d rate from its
alest	Change	High	Low	Est. vol	Open Int.		BLPHDA SE 2/		E31,250 kg	into per pou		
9656	-0.0007	0.9895	0.9857	10.505	45,795	Strike		CALLS -			- PUTS -	
8990	-0.0010	1.0025	0.9990	3,548	23,895	Price	Dec	Jer	Feb	Dec	Jan	Fab
Q112	-0.0014	1.0112	1.0112	2	614	1.520	1.46	2.20	2.87	0.30	1.10	1,99
	••			-	4.1	1.530	0.84	1.65	2.39	0.46	1.54	2.40
(24040)	£62,500 pc	2 7				1.540	0.40	1.20	1.89	0.66	2.09	2.90
						1.550	0.16	0.64	1.50	1.24	2.68	3.50
5216	-0.0112	1.5338	1.5200	9,087	46.552	1.560	0.03	0.56	2, 17	1.90	3.40	4.15
5204	-0.0102	1.5300	1.5180	CASE	7.770	1.570	•	0.38	0.89	2.80	4.18	4.99
5200	-0.0076	-	1.5200	8	18	Previous day's	VOL Calls 10,526					

NON ERM MEMBERS

	Ореп	Latest	Change	High	Low	Est. vol	Open Int.		ELPHOA SE C	2 ON TOR	E31,250 KG	ents per pou	nd)	
ec	0.9690	0.9658	-0.0007	0.9895	0.9857	10,505	45,795	Strike		- CALLS -			- PUTS -	
ear'	0.9990	0.8990	-0.0010	1.0025	0.9990	3,548	23,895	Price	Dec	Jer	Feb	Dec	Jan	Fe
π	1,0112	1.0112	-0.0014	1.0112	1.0112	2	614	1.520	1.46	2.20	2.87	0.30	1.10	1,9
								1.530	0.84	1.65	2.39	0.46	1,54	24
अरहा	LING FUTUR	ES (NOVO !	(62,500 per	3				1.540	0.40	1,20	1.89	0.66	2.09	2.9
								1.550	0.16	0.64	1.50	1.24	2.68	3.5
IC	1.5330	1.5216	-0.0112	1.5338	1.5200	9.087	46.552	1.560	0.03	0.56	7, 17	1.50	3.40	4.1
ar .	1.5300	1.5204	-0.0102	1.5300	1.5180	CAS.E	7.770	1.570	-	0.38	0.89	2.80	4.18	4,9
П	-	1.5200	-0.0076	~	1.5200	8	18	Previous day?	10L Cals 10.62	SPVB 24.781	Prev. dev's on	on left. Carlle 20	7.939 Puts 31	2.170

London Moi	NEY R	ATES				
Dec 8	Over- night	7 days notice	One	Three	Sox months	One
Interbank Sterling	8 - 612	611 - 65		814 - 614		
Sterling CDs		-		813 - 613	611 - 61	613 - 67
Treasury Bitts	-	-	875 - 838	86 - 64	-	-
Bank Brits			6,2 - 8,7	63 - 64	64 - Br	-
Local authority deps.	612 - 614	6-4 65	818 - 614	614 - 614	838 - 614	614 - 614
Discount Market deps	74 - 53	6% - 6%				
UN dearing bank base	lending rat	e 64 per o	ent from Fel	bruary 2. 19	95	
		Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£10	0.0001	3	54	514	6	614

	night	повсе	month	months	months	year.	Dec	93.51	93.52	-0.02	93.54	93.51	5881
bank Sterling	8 - 612	611 - 65	852 - 874	874 - 674	67 - 67	83. 64	Mar	93,80	93.81	-0.03	33.85	93.78	1255
fine CDs			6/4 6/2	813 - 613	611 - 61	63 - 64	Jun	93.90	93.93	-0.02	93.98	93.88	13395
Surv Bills	-	-	812 - 638	64 - 64			Sep	93.87	<b>93.90</b>	-0.04	93.95	93.87	4363
k Bross			6.2 - 8.7	64 - 64	64 - 67	-	Dec	93 75	93.77	-0.03	93.81	83 74	2587
authonty deps. Ount Market deps	6년 - 6년 7년 - 6월	6¾ - 6¾ 6¾ - 6¾	814 - 614	614 - 614	88 - 64	6.4 - 6.4			Open enteresi O OPTIONS				<b>~</b>
dearing bank base	lending rat				_		Strike Prog	Dec	- CAL		kuri	Dec	Mar Mar
		Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months	9350 9375	0,09 0.01			58 41	0 67 0.24	0.06 0.16
s of Tax dep. (£10	0,0001	3	5-4	514	6	6 <sup>1</sup> a	8400	0	0.10		27	0.48	0.28
of Tax dop under \$ tender rate of discou. Agreed rate for pen of Nov 1, 1995 to No mber 1, 1995	nt 6.2281pc. nd Dec 26, 1	ECGD fixed 1995 to Jun 2	rate Stig. Eq. 3, 1996, Sch	one I & III i	Make up day	ence rate lar	Est, vol. 1973	i. Calls 5651	Pues 2720. F	parane ma	's open mit.	, C#5 17153	3 Puts 16

B	ASE LENDING RAT	ES
Adam & Company 5.75 Albed Trust Bank 5.75 Bank of Banda 5.75 Bank of Contus 6.75 Bank of Indand 6.75 Bank of Indand 6.75 Bank of Scotland 6.75 Column Shipley & Collad 5.75 Collant NA 8.75 Column Shipley & Collad 5.75 Column NA 8.75 Column Shipley & Collad 5.75 Column Shipley	Duncan Lawfe	** Rocturghe Guarantee Corporation United is no longer authorised as a borrising ineflusion. 10 Ployal Bit of Scotland . 6.75 @Graph & Wilmon Secs. 9,75 United Bank of Kustat. 6.75 Whitestern Trust
Cousts & Co	Alicand Bank	Association in administration

Strike		- CALLS -			- PUTS -	
Price	Dec	Mar	-žuri	Dec	Mar	Jun
3950	0.11	0.66	1.04	0.05	0.22	0.27
975	0.03	0.51	0.87	0.22	0.32	0.35
1000	0.03 lotal, Callo 250 Pulo	0.38	0.71	0.47	0.44	0.44
отн	ER CURRENCIE	6	Γ			
	ER CURRENCES	5 3	- F1	GUIDE to	WORLD CUE	RENCE
Dec 8 Czech Rp	ER CURRENCUS E 40.5323 - 40.6716	S 26.6110 - 25.62			WORLD CUE	
Dec 8 Czech Rp Huogary	E 40.5323 · 40.6716 207.231 · 207.439	3	10 771	e FT Guide	to World	Comment
Dec 8 Czech Ap Huogary Tran Kowari	E 40.5323 · 40.6716	\$ 26.6110 - 25.62	10 7h 70 tak 10 Ms	e FT Guide		Currencie

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#### LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF THE CHANCELLORS GROUP OF ESTATE AGENTS LIMITED SIGNATURE IN THE MATTER OF THE COMPANES ACT 1985

NOTICE IS HEREBY GIVEN that a Perison was on the 20th day of November 1995 presented to Her Majork's Big Court of Jastoc for the continuation of the realization of future capital of the abuse named Company by 26,042,30

ASHURST MORRIS CRISP Headwalk House 5 Appoid Since LONDON BCZA JIA Ref. SAW/VCB4 25505 Teb III 71 638 11 (1 Solicnors for the said Cor



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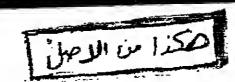
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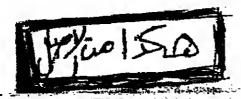


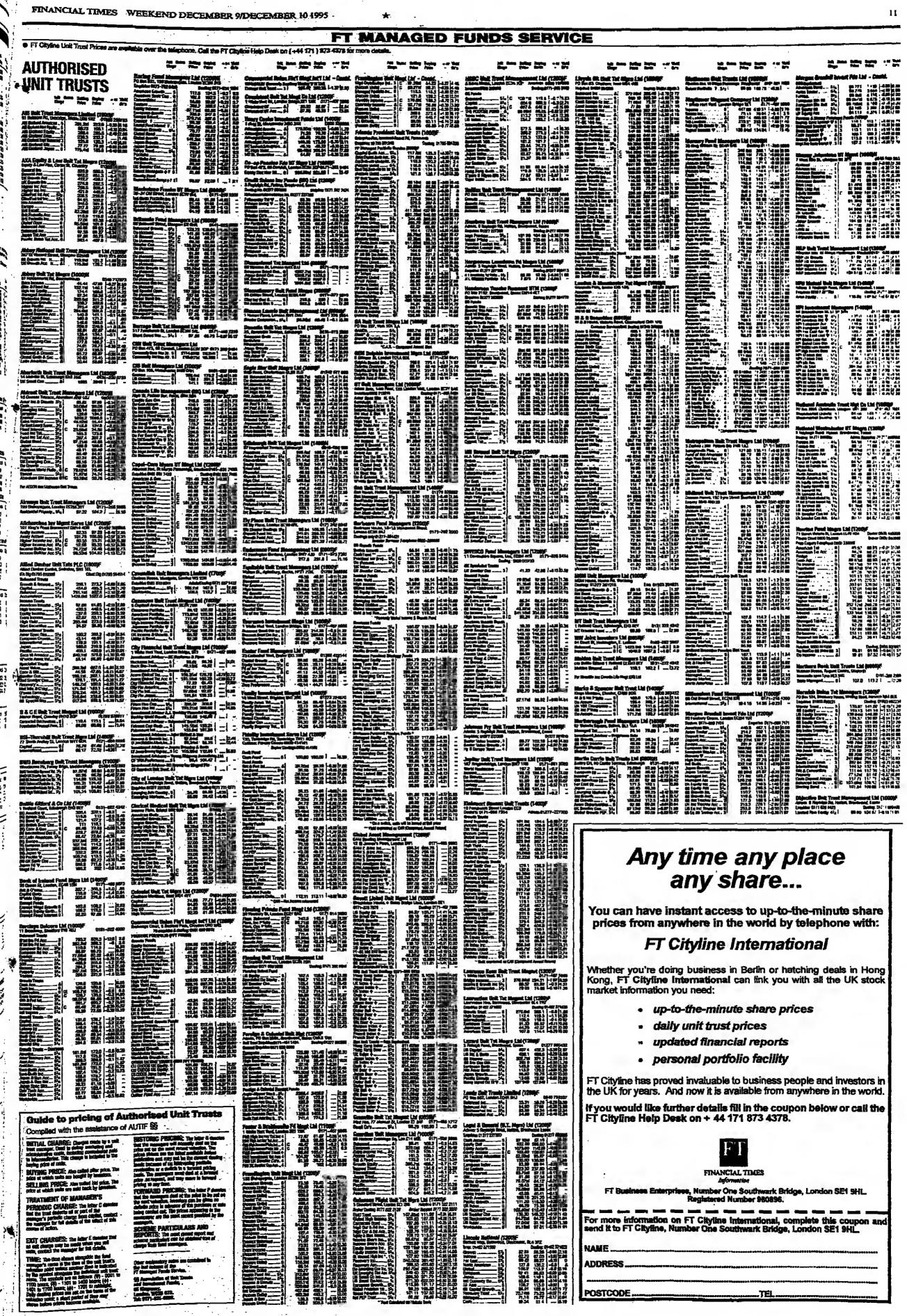
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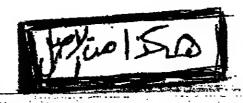
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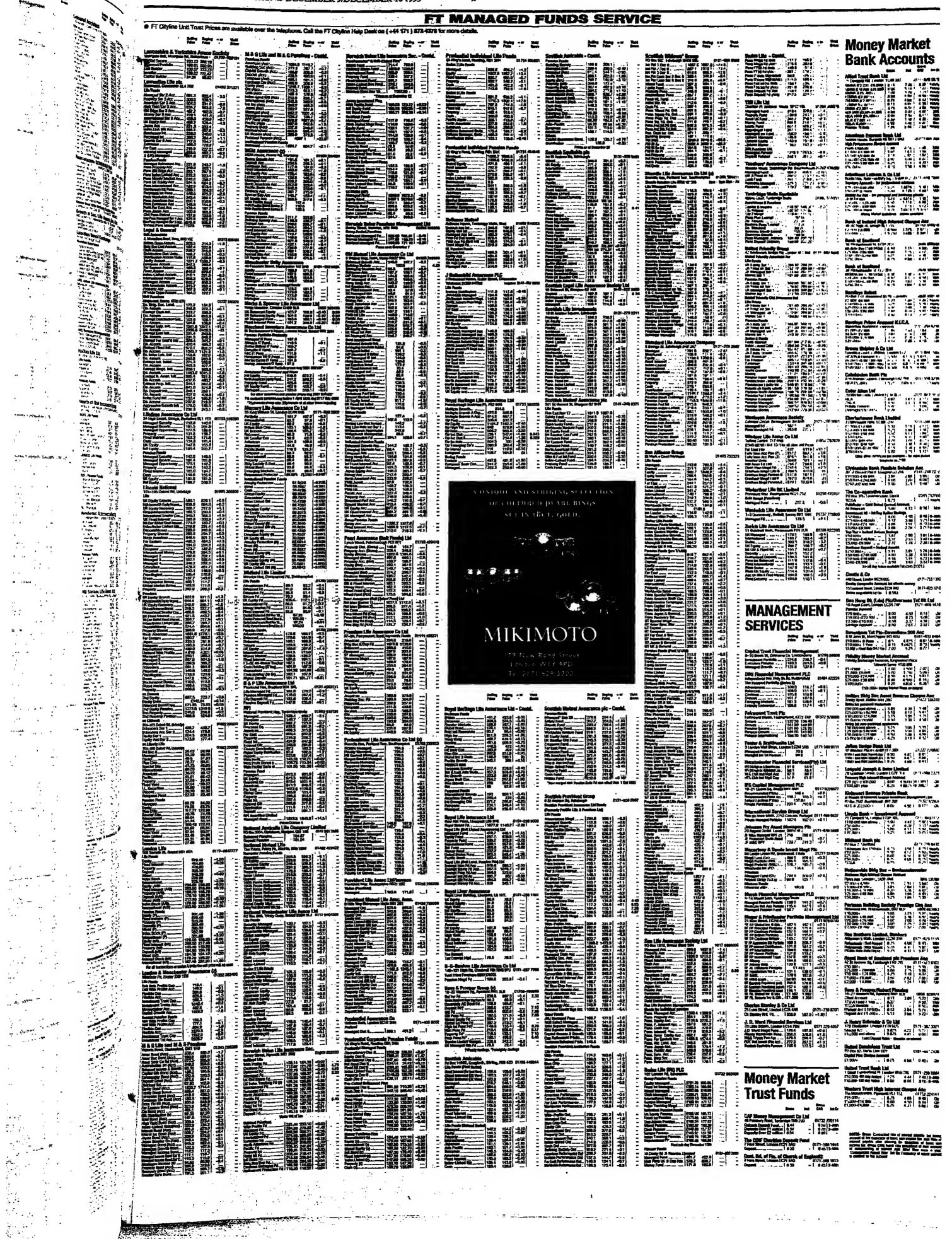
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Companies   19   Comp	Case Opens   160.7   160.8   167.8   167.9   1
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Part	Pun Priti Acc. 28.0.3 - 0.0 -
Write Bred Arc. 517 Write	Page   September   Acc.   251.8   245.0   -0.3
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	Carcolina Rargol Exchange   Colon Rargol Exchange
Find	2-96 Present Early 166.1 1-0-31 Present Use Assument Use 166.1 1-0-31 Present Use Assument Use 166.2 501.1 1-0-31 Present Use Assument Use 166.3 1-0-31 Present Use 166.3 1
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Union Wood, Peterbarrooph PC 697 1 173 479470	Peris Equity Acc   1204.0 1257.4   -0.9
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Perpetanti Suid Private Manager Life (1907) For Contract Life (1907) Fo	Annual Life Funds
Second Principle   Second Prin	1000   1000
Fig. State   Court	### ##################################
Against (with Act   50   221   18   231   18   231   18   231   18   231   18   231   18   231   18   231   18   231	European   1287.8   405.2   - 14.8
PFP Rowd. 10 \$1.00 \$21.17 (-0.07) \$7.00 \$21.07 (-0.	Assemble
Common   C	Income Find
Control of Part of P	Eguly Fard
Principal Unit Treat Mineral Lid (1800)F	Property Arx
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#### **WORLD STOCK MARKETS**

# Rates uncertainty leaves Dow mixed

#### Wall Street

US share prices were mixed in early trading yesterday as uncertainty about the prospects for an interest rate cut later this month led to a volatile session, varites Lisa Bransten in New York

The Dow Jones Industrial Average moved through positive and negative territory as bonds waxed and waned. By 1 pm the Dow was 5.06 lower at 5,154.83. While the Standard & Poor's 500 rose 0.49 at 616.66. The American Stock Exchange composite fell 1.57 at 534.14. Volume on the NYSE

came to 199m shares. Bond prices rocketed in early trading after the labor department released November employment figures that supported the view that the economy was slowing gradually.

Although the addition of 166,000 non-farm jobs was in line with economist's expectations, the labor department revised October's figures down to 66,000 from 112,000 it origipally reported.

But analysts were divided about whether the jobs figure was weak enough to spur the Federal Reserve to cut interest rates at the December 19 meeting of its open market commit-Mr Mark Cliffe of HSBC Mar-

kets Research said the report "points to e gradual weakening in the labour market, however, this may not be enough in itself for the Fed to ease on

For the fourth time in five sessions, the long bond yield sank below 6 per cent. But as in the previous sessions, Treasuries could not hold onto their session highs and by

early afternoon the 30-year Treasury was up just over half a point to yield 6.049 per cent.

The technology-laden Nasdaq composite edded 3.09 at 1,048.99 to reverse part of the 16.62 points it had lost since Monday. Microsoft, the largest company on the Nasdaq, got a boost on reports that an analyst at Cowen & Co upgraded the stock to "strong buy" from "buy". Shares in the software giant added \$3 at \$83%.

Several computer makers were also stronger. Dell Computers added \$1% at \$38% and Hewlett-Packard was up \$4% at \$86% after Donaldson, Lufkin & Jenrette put the company on its recommended list Davidson & Associates fell \$7% or 29 per cent to \$17% after announcing that fourth quarter revenues would be lower than expected. The company said it expected earnings of 14

quarter compared to the mean analyst estimate of 20 cents a

#### Canada

Toronto remained in positive territory in midday trade, helped by rallying North Amer ican bond markets. The TSE-300 Composite index was 7.77 higher by I pm at 4.732.07, in volume of 39.3m shares. Baton Broadcasting rose C\$1% to C\$11% after a subsid-

iary of Eaton, the retailer, said that it might buy the Baton shares it did not already hold. Bank of Montreal sased C\$% to C\$31% as it dismissed as speculation reports that it was discussing an equity stake in the banking unit of Mexico's Grupo Financiero. Canadian Imperial Bank of Commerce picked up C\$% to C\$40% in

High technology stocks were mixed. Softkey Software Products was flat at C\$45 while Alphanet Telecom gave up C31% to C331%.

#### **Latin America**

With many of the region's markets closed activity in those that remained open was weak. MKXICO CITY could barely mount an unward move and by midsession the IPC index was up just 297 at 2,670.17.

SAO PAULO was slightly weaker as most investors chose to sit out the session ahead of the forthcoming settlements of futures and options. The futures index contracts will be liquidated next Monday, while the options are to be settled on December 18. By noon the Boyespa index was off 208.54 at 42.979.

expected to benefit from the

country's customs union with

the European Union, due to be

approved by the European Par-

Hament next week. The com-

posite index rose 516.17 or 1.25

ATHENS put in another

weak performance as the mar-

ket continued to focus on on

the prime minister, Mr

Andreas Papandreon, who

remained in hospital for the

The general share index fin-ished lower 7.03 lower at 901.85,

Written and edited by Michael

Johannesburg finished the week mixed, with industrials

the question of a success

unchanged on the week

SOUTH AFRICA

per cent to 41,873.10.

19th day.

# French equities remain set firmly on the rails

Andrew Jack assesses implications of strike action

union leaders embroiled in industrial action in the last two weeks have taken a dismissive view of how the financial markets would react, arguing that "they can look after themselves". Ironically, it seems that they may well be right, although perhaps not m the way they imagine.

Mr Marc Blondel, leader of Force Ouvrière, had a blunt, negative view after Mr Alain Juppé, the prime minister, unveiled his proposed reforms of the country's social security system in late November. He said they were ideas designed to please the markets.

If that was the case, they can tainly had their effect. The intriguing factor is that equities and bonds have continued to respond positively even as the resilience Mr Blondel and some of his colleagues have

The CAC-40 index was in decline for much of the year, dropping almost continually from a peak when President Jacques Chirac won the presidential election contest in May until mid-October, with a brief rally in the summer.

came in late October, who

stick to its promises and cut

unveiled a string of reforms during November; aid to small business, a restructuring of welfare system on a sounder

As trains and public transport services around the country have ground to a halt in response, with unions claiming that the basis of the French welfare state is under threat, it eemed at first as though the markets would come off the ralls, with the CAC 40 dropping sharply.

still on track to be implemented. After a silence that

was no doubt too long, he

continued to dig in their heels.

Chirac gave a rare television interview. For the first time, he switched priorities away from his dual pledge of redoc-ing social division while cutting the budget deficit. For the next two years, he said, France

needed to accept rigour. For a man who had built e campaign largely on the slogan of "France for everyone", it was an important shift, and one that appealed to investors who had long been sceptical of the country's willingness to

the budget deficit. The Masstricht target for monetary union, which requires cutting the budget deficit from its current 5 per cent to 3 per cent by 1997, suddenly began to be taken more

Then Mr Juppe, who had been criticised for doing so little for so long, suddenly

France's more radical SNCF, and most importantly, strategist with James Capel in changes designed to put the Paris.

fmancial base.

But the last few days have suggested that investore eve Mr Juppé's reforms are



made a speech to the National Assembly on Tuesday showing his determination to continue, while hinting at some possible

The result is that equities have been recovering, and bond yields dropping. The CAC-40 closed yesterday at 1,856, up 2 per cent on the week. To add to the positive France last Thursday took the markets by eurorise by announcing a 10 basis point cut in a key interest rate. It did so in spite of the fact

that it was on a day of national action, with as many as one million people on the streets demonstrating across the country - including about a third of its own employees. I think it was sending a

sage to say well done to the government, to encourage it to stick to its guns," says Mr David Harrington, market

While the French public has a long history of violent reaction to proposals for reform particularly ones that come without much apparent negotiation with the unions in advance - the markets seem to believe that Mr Juppé will eventually hold sway.

As the winter weather draws in, the demands of the strikers have become less focused and the government seems to believe public support will fade

That does not necessarily mean that everything will be rosy for investors. The economy is slowing down fast. unemployment shows no signs of falling and consumer spending has already suffered a sharp decline. The strike however soon tt ends - is already having a strong negative impact on Christmas purchases, and causing considernage to business

Mr Harrington argues that these factors in turn will harm government, elowing growth further and limiting its ability to keep the budget deficit for this year to FFr322bn cause revenues from value added tax will be below expec-

Not surprisingly economists have been busily downgrading their forecasts of GDP growth for next year, in the range of 1.5 per cent to 2 per cent. Meanwhile, the prospects for equities do not look good. It ms 1995 will prove less prof itable than 1994 for French quoted companies, and earnines may suffer a further drop next year.

For Mr Herve Guez, head of the French desk of Merrill Lynch, says he market has already... anticipated these mending equity investment in the country for the last month. Mr Harrington remains more cautious. "We are underweight in the long-term in equities. Earnings are under pressure and the market is not chean. he says. He believes the bond tive option at the moment, given the government's concern to reduce its debt.

Falls

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# Zurich welcomes Elektrowatt offer for L&G

steady tone on Wall Street helped ZURICH to overcame early weakness. The SMI index picked up 0.9 to 3,246.6 but was 0.4 per cent easier on the week. Elektrowatt picked up SFr19 to SF1372 as its plan to buy Landis & Gyr for SFr950 a share was given a broad wel-

A rising dollar and an early

come. L&G jumped SFr210 to SFr940. BB Industrie, which holds e 7 per cent etake in Sulzer lost SFr14 to SFr646, pressured by worries that tt could be hurt by increased competition if the Elektrowatt-

L&G deal went through. CS Holding picked up SFr2 to SFr13 to SFr13 to SFr801 as the market gave a positive reception to their collaboration

Ciba registered shares, under pressure earlier in the week fell to a low of SFr986 before the firmer dollar helped the share up to close SFr4 weaker

gains to close at SFr1,273 on profit-taking. FRANKFURT found support in quiet trading from the dollar's recovery as well as firm-ness in domestic bonds. The

Nestle gave up SFr9 of recent

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Ibis Dax closed at 2,277.70, up 10.20 from the floor close, but off an afternoon high of 2.284.02. The market rose 0.5 per cent on the week. Turnover was DM6\_2bn\_ Merck lost DM2.79 to

DM59.55 as some brokers moved to underweight the stock following its nine month figures. Goldman Sachs. for instance, yesterday rated the chares a market underperformer on valuation grounds

AMSTERDAM moved higher with the AEX climbing 1.35 to 478.38, barely changed on the

The market, which had opened on the downside. regained its strength partly ecause of hgiber hopes for a cut in German interest rates next week. The publishing sector was active as investors were worried by reports of a difficult year ahead for the industry. Elsevier lost 80 cents to Fl 20.60, Wolters Kluwer fall Fl 2.50 to Fl 148.70 and VNU eased Fl 1.20 to Fl 219.00.

Among the financials Fortis Amev closed Fl 250 higher at Fl 106.70, while Unilever strengthened Fl 4.60 to Fl 227. OSLO was lifted by a late rally in Kvaerner, the engineering and shiphuilding group, which helped lift the Norwegian bourse off its intrasession lows.

Kvaerner B initially jumped NKr10 after announcing that it had secured a NKr1hn order for two chemical carriers. The shares then eased back slightly to close up NKr5 at NKr194. The Total chare index finished down 3.29 at 723.85, in

coming off early lows on a late rebound in the bond market The Affärsvärlden general Pharmacia & Upjohn bucked

STOCKHOLM saw falls in beavily weighted Ericsson and

Astra, with banking stocks

negative trends to rise SKr4.50 or 1.9 per cent to SKr247 ahead of a US Food and Drug Admin istration meeting which was expected to recommend approval for one of its drugs. Volvo jumped SKr3 or 22 per cent to SKr187 on reports of

brokers' npgrades.
HELSINKI fell steadily on Nokia, which hit a 25-week low before a partial recovery. The Hex index slipped 16.87 or 1.1 per cent to 1,843.57. for a decline of nearly 4 per cent on the week.

Nokia A fell FM5 to FM210. BRUSSELS saw a late surge, encouraged by a stronger dol lar and firmer bonds, which took shares close to their highs for the year. The Bal-20 inde added 6.55 to 1,518.48, up 0.4 per cent on the week, and just short of the 1,517.19 high for the year. The dollar sensitive Union Miniere added BFr40 to

BFT1.920. ISTANBUL recorded selective gains amid activity buoyed

slipping from their record highs and golds making the most of a marginally better metal price. The overall index. gave up 29.2 to 6,210.8, industrials fell 68.7 to 7,870.6 and golds picked up 17.2 to 1,370.8. Mining financials showed moderate gains, with Anglos up R1 to R230 and De Beers 50

cents higher at R112,50.

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## Nikkei easier as Taiwan advances by 2%

Equities were hit by profit-taking and position adjustment after settlement of December futures and options and ahead of the weekend, agencies report

125.35 to 19,286.97, baving added 532.79 points over the last two days. The index rose 2.4 per cent on the week.

Volume was 1.1bn shares. inflated by the settlement of The Topix index shed 9.57 or the 300-share Nikkei index

in London, the ISE/Nikkei 50 index was up 0.06 at 1,335.12. Of the 1,256 listed issues, losers outnumbered gainers, with 702 lower, 402 higher and 125

slipped 1.87 to 287.35.

cars, with

FT/S&F

Toshiba, the most heavily traded share with volume of 30.9m shares, put on Y1 to Y805 as it benefitted from the latest market fever over digital video discs. Mitsubishi Heavy lost Y6 Y60 at Y1,970, a new 1995 high. Nichlei Construction added

Strong buying of electronics issoes overcame early weak-ness in TAIPEI on news that prosecutors had started investigation into an alleged excessive loan case. The weighted index made 97.40 or 1.8 per cent to 4,836.04 in turnover of

TS38bn, for a 0.5 per cent gain on the week Brokers said some institutions started window-dressing before the end of this calendar year and this move triggered buying from small investors. gains, rising 2.9 per cent as a

group: Chingtex soared T\$1.30

to T\$31.60 and GVC jumped HONG KONG lacked fresh incentives and while rumours about HSBC Holdings shares being placed by a fund sub-sided, fears of possible cash calls by other blue chip companies continued to overhang the The top gaining sector was market. The Hang Seng Index

at Y2,050 and Honda Motor up week, in turnover that fell to

SINGAPORE encountered mild profit-taking on blue chips but renewed interest in speculative counters with Indonesian ties and the Straits

KUALA LUMPUR was content to extend Thursday's consolidation, which came after an eight day winning streak and the composite index finished 9.04 weaker at 976.96, little changed on the week.

Damansara Realty rose 20 cents to M\$1.90 in heavy volume, helped by a newspaper report that the Johor State Economic Development Corp the company to 32 per cent. SEOUL ended in negative territory as profits were taken and the composite index lost 1.9 to 958.67, but was still 2.5 per cent higher on the week.

Technology stocks continued to attract interest in a generally slow market. Samsung to Wnn162,500 while Trigem Computer, among the most actively traded shares, rose

9,863.61, little changed on the Won1,300 to Won24.400. SHANGHAI's hard currency

B shares finished at their low for the year as investors were encouraged by the markets recent slide to continue selling blue chips. The index lost 0.665 Times Industrial index fell MANILA slid at the close, with 2,500-point support level as investors cashed in profits for the second consecutive session. The composite index lost 36.34 to 2,500.84 points, a

week's fall of 1.3 per cent. Turnover was 3.3hn pesos.
Prime Property, which was making its market dehut, gained support, closing at 14.25 pesos from its offer price of 13.83 pesos.

BANGKOK was lower on a bout of moderate profit taking by local retail investors and mutual funds. The SET index fell 7.02 to 1,262.64, up 3.5 per cent on the week, on Bt4.3bn

TRACOLER. market's four day rally gave way to profit-taking and the BSE-30 index fell 48.87 or 1.6 per cent to 3,083.82, but was still 1.5 per cent higher on the week.

(\*SOS) Royal 3 (\*281) Salesbu (\*371) Shell Ti (\*826) Sarti Be

SH CH

T	'oyota Motor up Y10	closed	just	0.37	weaker	
١	ACTUARIES	WORLD	IND	ICE	S	

NATIONAL AND REGIONAL MARKETS				DAY DE	EMBER			-		EDHESTON	Y DECEM	MER 4 1		DO	LUR N	
Figures in parenthoses	US	Days	Pound	w	De 4	Local	Local	Gross	US	Pound	w	-	Local	es		Year
of stock	Dollar	Change	Sterling	Yen	DM	Currency	% chg	Div. Yieki	Doller Index	Starting Index	Yen Index	DM Index	Index	52 week :	LOW .	(epprox)
								4.00	100.00	401.00		444.49	460 -			
Australia (82)	186.55	QG	181.79	120.60	141.31	169.62	0.1	3.89 1.59	188.57 171.21	161.50	109.78	141,49		191.01	157.95	167.12
lustria (27)	174.14	1.7	167 83	111.38	130.51		1.8					125.48			167.48	179.23
Belgem (35)	200.88	0.5	193.67	128.48	150.55		0.3	3.56	199.91	192.41	125.16	149.99	146.37	201.84	184.78	155.41
Brazil (26)	139.51	0.2	134.50	89.23	104.56		0.2	1.70 2.53	139.22		69.27	104.48		180.75	86.08	170.90
Canada (101)	148.10	-0.8	142.79 277 90	94 73	111.00		-0.6		286.13		95.66	111.95 214.68		295.09	121.51	127.00 242.70
Denmark (33)	288.25	0.7		184.36	216.03 159.00		0.6	1.49	213.07		136.62	159.86		276.11	171.13	182.00
Faland (25)	212.14	-04	204.53				-0.5	3.22	173.89			130.47	135.57	191.17		
France (100)	174.74	05	168.47	111.76	130 96		0.5		181.86		111.50	121.45		167.74	157,79	168.13
Germany (59)	162.18	0.2	156.38	:03.73	121.55		0.1	1.96								135.34
Hong Kong (55)	378.22	-0.3	364 66	241.91	283,47		-0.3	3.90	379.49		243.34	284.74	375.85	389.39	277.40	531.03
iretand (16)	257.05	-03	247.53	164 41	192.66		0.1	3.35	257.48		165,10	193.19		200.87	195.34	196.84
rate (500	69.39	1.4	66.90	44.38	52.01	82.42	1.1	1.77	68.43	65.86	43.86	\$1.34	81,40	82.71	65.A5	72.00
James (483)	153.97	2.1	148 45	98.48	115 40		1.15	0.77	150.50		96.70	113.15		184,82	136,85	153.47
Malausia (108)	450.04	-1.0	463.68	307.61	360.46		-1.0	1.75	485.59	467.36	311.37	364.35		561.98	398.16	
Mendera (18)	991.97	-0.8	956.38	G34 47	743.45		-0.1	1.66	987.70		639.74	748.57		2082.03	647.81	2082.09
Netherland (19)	265.71	-03	256.10	169.95	199,15		-0.4	3.33	285.43	256.44	170.84	199,91	195.86	266.70	207.60	209.86
New Zestand (14)	77.07	-0.9	74.30	49.29	57 76		-0.8	4,59	77.76		49.85	58.34		85.49	89.55	71,49
Marvetty (33)	228.76	1.0	220.57	146.33	171.48		0.7	2 13	226.50		145.23	169.94	185.43	243.79	196,73	203.57
Sengapore (44)	390.51	0.1	376.03	249.45	292.31	254,01	0.1	1,60	389.59		249,81	292.31	253.82	414.25	313,94	359,18
Courth Africa (45)	330 32	21	376.54	249.80	292.70		2.1	3.81	362.55		245.29	287.02		390.55	281.08	323.54
Spain (38)	158.77	-0.0	153.07	101.55	118.99		-0.2	3.96	158.77	152.82	101.81	119.13		180.51	124.10	
Sweden (47)	312.74	-15	301.53	200 C3	234 40	306.60	-0.6	1.96	317,44	305.54	203.55	238.18		321.99	225.80	228.96
Switzerland (40)	227.75	-0.9	219.58	145.87	170.69	164.95	-0.9	1.81	229,80	221.18	147.35	172.42	168.51	230,31	158.38	159.84
Trained (46)	165.24	-0.5	159.32	105.69	103.95	161.28	-0.5	2.52	186.08	159.83	105.48	124.60	162.06	184.55	130.15	154,80
United Kingdom (208)	225.18	-0.7	217.10	144.03	168.77	217.10	-0.6	4.04	226.83	218.33	145.45	170.20	218.33	228.33	187.07	191.38
Chara Kingdon (200)	251.60	-0.6	242.57	160.32	188.58	251.60	-0.6	2.22	253.22	243.72	162.37	189.50	253.22	251.22	182.33	184.89
USA (639)																
Americas (786)	229 22	-0 B	221.00	146.81	1, 1,79		-08	2.22	230.69	222.04	147.92	173.09		230.69	170.86	172.67
Europe (737)	198.35	-0.3	189 30	175.58	147.18		-02	3.04	196.87	189.49	128.24	147.71	168.04	199,02	183,04	189.58
Nordic (138)	280.63	-0.7	270.56	179.49	210.32		-0.2	1.85	282.56	271.25	181,16	212,00	238.37	295.02	215.79	220.05
Pacific Basin (832)	163.85	1.7	157.97	104 80	122.60	108.73	1.4	1.21	161.17	155.13	103.34	120.93	107.17	171.87	145.93	180.36
Euro-Pacific (1563)	177.28	0.8	170.92	113.39	132.86	131.10	0.7	2.05	175.04	169.34	112.82	139.01	130.23	178.33	154.73	163,14
Euro-Pacuc 113031	245.21	-0.7	236.41	156.83	183,77	244.57	-0.6	2.23	246.80	237.54	158.25	185.17	246.15	248.80	176.86	181.00
North America (740)	178.45	-0.0	170.12	112.86	132.24		0.0	2.43	178.45	169.83	113.14	132.39		179.45	148.45	149.49
Europe Ex. UK (531)	250.63	-0.3	250.32	166.06	194.59		-0.3	3.23	260.52	250.78	167.05	195.48	230.01	268.72	211.18	295.31
Pacific Ex. Japan (349)	475.03	0.7	171.94	114.07	133.68		0.7	2.10	177.03	170.39	113.52	132.83	134.05			154,90
W Ev 115 (1761)	176.34	02	191.25	126.88	148 67	163.71	0.2	1.98	197.89	190,47	126.89			178.73	155,42	
White Ex LIK (2194)	120							2.59				148.48	183.45	198,37	163.45	168,47
Wast Fr. Jacon (1917)	<i>2</i> 27.25	-0.5	219.10	145.35	170.32	213.13	-0.4	2.56	223,28	219.72	145.38	171,28	214.06	228.28	178.95	181,48

Ather (16) Andreads (8) 22.33 . 3191.21 2272.74 37.36 . 2807.57 1786.20 2385.90 +0.1 2383.16 2318.75 1738.74 -0.8 1758.54 1471.70 2.08 200.75 0.1 183.55 123.40 150.46 168.47 0.1 2.15 200.45 192.93 128.53 150.39 168.30 200.75 195.92 170.49

FT GOLD MINES INDEX

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share information

ess otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to S pm on Thursday and settled through the Stock Exchange Tallsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given

‡ Bargains at special prices. O Bargains done the previous day.

7ateBLyle Intfin PLC/TateBLyle PLC 534%
TSLRFnGcBds 2001(Br) W/WsTSLPLC £9532 (1De95)
Telekom Meleyela Bertad 4% Crv Bds

ishom Melayala Bertrad 4% Criv Bids 2004(Reg\$\$000) - \$3874 \$ That Central Chemical Public Co Ld 374% Criv Bids 2003 (Reg int Melat\$1000) -\$101% 10214 (\$De\$5)

ricibire Electricity Group PLC 91/4% 3ds2020(Reg£1 int multi thereof) - £104%

bbey National Tressury Servs PLC ESC5000m FRN 12/9/97 - PE88.52

Abbey National Trassury Servs PLC PTE400m 2% Nts 31/10/97 - PE87.73

(63/e95)
Europian Bank for Risc & Dev \$100m Filig
Rits Nits April 2000 - \$98 (40e95)
Fritandiffepublic of ECU,500m 996 Nits 16/3/
98 - ECTOA/ 4/De95)
Fritandiffepublic of ESI00m 796 8ds 26/10/
2000 - 296<sup>5</sup>8 8<sup>1</sup>s .35 (50e95)
Landwitscratiliche Reventank DM300m
5.75% Nits 24/10/2000 - DM102.14 102<sup>1</sup>4
(50e95)

(SDe85) tordic investment Bank CZK1500m 10.625% Daty Iras 10/11/2000 - C236.8 100.85 (SDe85)

veib AR V1200m 0 196 Nm 9/1/98 . V993

Sudwestdeusehet andbenk CapAlidsPLC \$250m 6% Debt Inst 20/10/58 - \$101.65 Svensk Exportieredt A8 \$300m 6,25% Debt Inst 16/10/2000 - \$101.52 101.6

2000 - EC102.97

2000 - EC102:87 Swies Bank Corporation £250m 8,75% Subord Bds 20/8/2005 - £100% 1 Toyota Motor Credit Corporation \$750m 6.125% Nta 11/10/2000 - \$101.45 101%

Sterling Issues by Overseas

estrate(Commonwealth of) 812% Ln Stk 2012(Reg) - £11012

Bank of Greece 10% % Ln Sak 2010(Reg) -

Denmark(Kingdom of) 13% Ln Stk 2005 -£134 s (\$De95)

£134°s (50e95) European Investment Bank 9% Ln Sik 2001 (Reg. - £107°s 5 % (50e95) European Investment Bank 9½% Ln Sik 2009 - £112½ (50e95) European Investment Bank 103°% Ln Sik 2004(Reg.) £115½

ealth of 11% to Ste

wealth of 13.5% Ln Stk

Borrowers

Australia(Commonweal 2018(Reg) - £128<sup>1</sup>8 Australia(Commonweal

Investment Trusts)

ABF Investments PLC 51<sub>2</sub>% Une Ln Sik 87/ 2002 50p - 40 2 (60x95) 2002 50p - 40 2 (6Dess) ABF Investments PLC 71/2% Uns Ln Sik 87/ 2002 50p - 46 (6DebS) ASH Capital Finance(Jersey)Ld 91/2% Criv Cap Bds 2006 (Peg Units 100p) - \$70

bey National PLC 103 % Non-Curn Ster-

ing Pri - 1112sh Abbot Group PLG 73c% Gum Cow Red Pri 27

British Funds, etc Treasury 134,% Stk 2000/03 - £126/s Exchequer 101/2% Stk 2005 - £130/s (6De85) Guaranteed Export Finance Corp PLC 127/9% Gto Ln Stk 2002/Reg) - £126/s (1De85) Corporation and County

Dudley Metropolitan Borough Council 7% Ln Stv. 2019 (Reg)(F/P) - 695<sup>1</sup>2 (4De65) Letessor City Council 7% Ln Stk 2019(Reg) -£86<sup>1</sup>2 (6De85)

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London) Abbey National Treasury Servs PLC 6% Gtd Nis 1987(Br & Ver) - \$100.8 Abbey National Treasury Servs PLC 6% Gtd Nis 1989(Br21000,10000,100000) - 298.8

(50e95)
Abbay National Treasury Serve PLC 8% Glod
Bels 2003 (Br £ Var) - £10112
ASDA Group PLC 95% Bels
2002(Br£1000810000) - £1085; (80e85)
Bank of Grouce 93% Bels 2003 (Br £ Var) £104 (10865) vs Bank PLC 9,875% Undated Subord

Bardays Bank PLC 123,66 Senior Subord Bds 1997(BrEvar) - £11014 (40e95) Bradford & Bingley Building SocietyCollared FitgRteNts 2003(Reg MuttE1003) - £10112

(SDE45)

British Gaz Ind Finance BV 9½% Gtd Bds
2001(Br \$C Var) - \$C108.78 108.28 (5De85)

British Gas PLC 8½% Bds 2003 (Br £ Var) £101½

British Gas PLC 8½% Bds 2008 (Br £ Var) £100½ (5De85)

British Gas PLC 8½% Bds 2008 (Br £ Var) £100½ (5De85)

x100/sg0
British Telecommunications PLC Zero Con
Bds 2000(8/£1(00510000) - £75
British Telecommunications PLC 71<sub>3</sub>% Bds
2003 (8/ £ Var) - \$37,5
Burmath Castrol Confed to be and the old the auto (er t. Var) - C97,2 Burmeh Castrol Capital/Lersey) Ld 81,76 Cmv Cap Bds 2006 (Reg 01000) - 01651, 61,4 Burmeh Castrol Capital/Lersey) Ld 81,76 Cmv Cap Bds 2006(Br/5000850007) - 0155 (10.65)

(1De95) Cable & Wireless Int Finance BV 85<sub>8</sub>%. Old Bds 2019(BYC Vars) - 2931<sub>8</sub> (6De95) Cheltenham & Gloucester PLC 11 1/4 Perp.Subord Bds £50000(Reg) - £125.48

Dow Chemical Co Zero Con Nts 30/5/ ECC Group PLC 612% Criv Bds 2003(B-21000810000) - 225 (5 Eastern Group PLC 81, % Bds 2004(Brt. Vars) • £101 % (60e95) Exportingra AS 6% Nts 1999 - \$097% (50e95)

(\$0895)
Besportframe AS 6.875% SK Bas 0/2/04(Mult SK10000) - \$1.894, 904, (40895)
BI Emergrase Pharnes PLC 84 % Cad Exch Bds 2006 (Reg £5000) - £394, Gld Exch Bds 2006 (Reg £5000) - £394, Gld Exch Bds 2006(B/£50003100000) - £594. Bids 2006(Br050003 100000 - 1009) Export-Import Bank of Jepan 6/2% Ctd Bids 2005(BidS Var) - \$10214 (10e95) Far Eastern Department Stores Ld 3% Bids 2001(Rog Integral multi \$1000) - \$8414 (10e95)

Ford Credii Europe PLC FRN 2001(8:21000) Forte PLC 9<sup>3</sup>% Bds 2003 (Br £ Var) -£105-2,6 Gazo Wellcome PLC 8<sup>3</sup>% Bds 2005(Br£ Vars) - £104<sup>3</sup>4 .983 (60e95)

(3.0.0 Welcome PLC 84% 8ds 2005(8)?

Varsi - F1044, 993 (6)695)

Greycoat PLC 9,5% 8ds 2003

(Gr.100008 100000) - 9354; 402453

Guaranteed Export Finance Corp PLC 74%

Grid Na 1998 (Br £ Var) - £1014; 405981

Guirness PLC 105<sub>8</sub>% Nis 1997 (Br £1000 8 1000) - £104 13 105985

KBSC Holdings PLC 67% Subord Bds 2018

(Br £ Var) - £1065; (1068)

Halfins Building Scoley 74,5% Nis 1998 (Br £ Var) - £1025; 410599

Halfins Building Scoley 74,5% Nis 1998 (Br £ Var) - £1025; 2019(9)

Halfins Building Scoley 74,5% Nis 1998 (Br £ Var) - £1025; 310599

Halfins Building Scoley 71,5% 5050rd Bds 2016(6) Er 1005(6)

Halfins Building Scoley (Colleded Fing His Nis 2003 (Br £ Var) - £1025; 410595)

Halfins Building Scoley Colled Fing His Nis 2003 (Br £ Var) - £1057 (4068)

Harson PLC 91<sub>2</sub>% Che Subord 2006 (Br £ EVar) - £1005 (4068)

Harson FLC 91<sub>2</sub>% Che Subord 2006 (Br £ EVar) - £1005 (4068)

994 Trusi PLC 10% Bds 2006 (Br£5)00)

EVar) - C100<sup>1</sup>/<sub>2</sub> (PickS)

Harrson Trust PLC 10% Brb 2006 (BrtS000)
- S110<sup>2</sup>/<sub>3</sub> (Sbes)
Hydro-Queber 10.875% Debts Strikt V 25/7/

016/BSC1000) - SC115<sup>2</sup>/<sub>3</sub> 116.15 (SiDe85)
International Bank for Pick B Debts Strikt V 25/7/

016/BSC1000) - SC115<sup>2</sup>/<sub>3</sub> 116.15 (SiDe85)
International Bank for Pick B Debts V 3<sup>2</sup>/<sub>4</sub> 4 Bds
2007 (BrtS0000) - S113<sup>2</sup>/<sub>4</sub> (De95)
Japan Divertopment Bank 67/<sub>4</sub> 4 Gid Bds
1999 (Br 5 Var) - S103.9

Land Securities PLC 91/<sub>2</sub> 8 Bds
2007(BrtS1000410000) - S107<sup>2</sup>/<sub>4</sub>
Land Securities PLC 91/<sub>2</sub> 8 Bds
2007(BrtS1000410000) - S107<sup>2</sup>/<sub>4</sub>
Land Securities PLC 91/<sub>2</sub> 8 Bds
2004(BrtS100001) - S102<sup>2</sup>/<sub>4</sub> (BDe95)
Lidyds Bank PLC 7<sup>2</sup>/<sub>2</sub> 8 Subord Bds
2004(BrtS100001) - S1212/<sub>2</sub> (SiDe95)
Lidyds Bank PLC 7<sup>2</sup>/<sub>2</sub> 8 Subord Bds
2004(BrtS100001) - S1212/<sub>2</sub> (SiDe95)
London Electricity PLC 89/<sub>2</sub> 8 Bds
2004(BrtS100001) - S102<sup>2</sup>/<sub>4</sub> 8 Bds
2004(BrtS100001) - S103<sup>2</sup>/<sub>4</sub> 8 Bd

New Zealand 10<sup>1</sup>2% Bds 2000(Br\$100085000) - \$105<sup>1</sup>4 (60e95)

2000(8810003500) - \$1051<sub>4</sub> (60e95)
Nppon Telegraph & Telephone Corp 6% Nm
2000 - \$101.8 1021<sub>4</sub> (60e95)
Precous Shipping PLC 3.2596 Cnv 8ds. 2000
- \$99.871657 (50e96)
Pruderinal Corporation PLC 71<sub>8</sub>% 8ds. 2000
- \$99.871657 (50e96)
Pruderinal Corporation PLC 71<sub>8</sub>% 8ds. 2006
- 2006(8345100.0100003 100000) - \$105.7φ
Pruderinal Fronce 80 91<sub>8</sub>% Gal 8ds. 2007
(84550008.100000) - \$1077<sub>8</sub> (440e95)
RMC Copital Lid 81/4 Corv Cap 8ds 2006 (8fc. 20008.00000)
- \$133 (10e95)
RTZ Central, Inc 71<sub>8</sub>% Corv Cap 8ds 2006 (8fc. 20008.00000)
- \$120 - \$100.7 (440e95)
RTZ Central, Inc 71<sub>8</sub>% Nds. 2003(8fs. 2006)
- \$120 - \$100.7 (440e95)
Robert Ferning Int Thansoc Lid 91<sub>8</sub>% Perp Subord Gal Nts (8) £ Vari - £70.7 (49e95)
Robert Ferning Int Thansoc Lid 91<sub>8</sub>% Perp Subord Gal Nts (8) £ Vari - £70.7 (40e95)
Robert Ferning Int Thansoc Lid 91<sub>8</sub>% Perp Subord Bank of Scotland PLC 10.5% Subord 8ds 2013 (8) £ Vari - £712 (50e85)
Royal Bank of Scotland PLC 10-5% Subord 8ds 1998 (8/c50008.25000) - £107.7
(SCOE85)

(SOGES) Sainsburyl PLC 8.25% Nts 2000(Reg) -C104/40 Sainsbury (J (Channel Islands)),d Big wChroCapBds 2005(Br C50008100000) -E119 (4D695) Sootlish Ameable Finance PLC 8.5% Underled Subord Gtd Bds (BrEVar) - £894, 1410469

Scotlish American Undried Subord Gid Bos (pranting) (AD667) SPEBOARD PLC 812% Bos 2005(Br £ Var) -SEESOARD PLC 812% Bds 2005(BY £ Vari - £1021).
Severn Trent PLC 1152% Bds 2001 (BY £500610000) - £117.2 µ 10e85).
Sino-Thai Engrang&Con Putake Co Ld 1.75%.
Chv Bds 2003 (ReglatMulls1000) - £1011%.
Smithdini Beecham Capital PLC 812%Gdd Nts 2000(BrC1000, 100003 100000) - £1041%.
Sweden(Mingdom of) 912% Nts 2003 (Reg \$1000) - \$1001%.
Sweden(Mingdom of) 7.25% Bds 2000 - £103.1 µ10e85).
Sweden(Mingdom of) 7.25% Bds 2000 - £103.1 µ10e85).

armac Finance (Jersey) Ld 91<sub>2</sub>% Griv Cap Bos 2006 (Reg £1000) - £95%

#### FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuanes Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. The International Stock Exchange of the United Kingdom and Republic

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#### LONDON STOCK EXCHANGE: Dealings

Brent Walker Group PLC Wis to Sub for Ord Front Walker Group PLC 8.5% 3rd Non-Cum Criv Red 2007/10 21 - 01<sub>2</sub> % 1 (SDe65) Briden PLC 101<sub>6</sub>% Deb Sik 91/96 - 2102 (50495) Bridon PLC 7 4,96 Lines Ln Stk 2002/07 -

- 533½ (10e95) Statol Water PLC 8½% Cum Ind Pri £1 -Britatol Water Hidgs PLC Ord £1 - £11.57 Bristol Water Hidgs PLC Ord ST - £11.57 11.5 (80e85) Bristol & West Building Society 13<sup>3</sup>5 / Perm Int Bearing Shs £1000 - £141% % 2 Britannia Building Society 13% Perm int Bearing Shs £1000 - £136½ 7 8 British Alverse PLC ADR (1021) -\$73.3725544 British & American Film Hidgs PLC Ord Str. 5- 6-10

50 - \$10 merican 7abecco Co Ld 8% 2nd Cum Pri Str. 21 - 65 British Printings Group PLC 5,6% Cnv Red Pri 21 - 67 (10e85) in Land Co PLC 6% Subord Ind Chy to(Reg) - £894 sh Land Co PLC 10½% Dfd 1st Mag Deb

Stk 2019/24 - £118 British Land Co PLC 113/% First Mag Deb Stk 2019/24 - £125/2 (10-65) British Petroleum Co PLC 6% Cum 1st Pri £1 Six 2019/24 - C125<sup>1</sup>/<sub>2</sub> (10e85)
Sixtish Percieum Co PLC 6% Cum 1st Prf £1
- 64<sup>1</sup>/<sub>4</sub> (£0e85)
British Steel PLC ADR (10:1) - £16.849 \$
26.05.06 <sup>1</sup>/<sub>2</sub>
British Steel PLC 11<sup>1</sup>/<sub>2</sub>% Deb Six 2016 £129/2 (\$De85)
British Sugar PLC 16<sup>2</sup>/<sub>4</sub>% Red Deb Six 2013
- £129/2
Brunel Holdings PLC 46<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Special Sinenging AlfabFund Ld
Ord Study - £11<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Special Sinenging AlfabFund Ld
Ord Study - £11<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Place PLC 46<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Place PLC 46<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Place PLC 46<sup>2</sup>/<sub>4</sub>% (\$De85)
Buchanon Place PLC 81<sup>2</sup>/<sub>4</sub>% 2nd Cum Prf
£1 - 112<sup>1</sup>/<sub>2</sub>

E1 - 112<sup>1</sup>2 ulmer(H.P.): Holgs PLC 9<sup>1</sup>2% Cum Pri E1 eh Custrof PLC 714% Cum Red Prf £1 -Burton Group PLC 8% Cnv Lins Ln Stk 1996/ 2001 - £94 12 7

Caffyns PLC 6<sup>1</sup>2% Cum 1st Pri £1 - 73 (4De95) thridge Water Co Cone Ord 5tk - 28000 S00 (SDe85)
Cardio Engineering Group PLC 10<sup>3</sup>2% Cum
Ped Pf 21 - 107 8 (ADe85)
Carliele Group PLC 4.38% (Net) Red Cnv Pri
1998 21 - 75 (SDe85)
Carlien Communications PLC ADR (2-1) SS114 (SDe85)
Carlian Communications PLC 7<sup>1</sup>2% Cnv
Subord Bds 2007(Reg D5000) - 2148 .18 <sup>1</sup>4
8 (BDe85)

De85) Her inc She of Com Stk \$1 - \$825; at Compration She of Com Stk \$0.25 Sentiax Corporation She of Com Str. 2022 -\$32% (4De95) Treferood Alliance Hidgs Ld 7½% Uns Ln can oup - 33
Churchbury Estates PLC 9% Line Ln Six 2000 - C76 (SD695)
Clayfithe PLC 9.5% Subord Cnv Line Ln Six 2000/01 - 139 COUNTY - 1.59 Carelland Pince Holdings PLC 12<sup>1</sup>g % Red Deb Str 2008 - C130.1375 & (10e95) Cestal Corporation She of Com Str \$0.33 1/ 3 - \$33,000004 (40x95) Coets Patons PLC 674% Uns Ln Stk 2002/07

- £884 1<sub>2</sub> (5De95) Coate Wyella PLC 4.9% Cum Pri £1 - 64 (112695) Cohen(A.) & Co PLC Non.V "A" Ord 20p -600 25 5 Commercial Union PLC 3.5% Cum Red Pri £1 - 93% (10:95) E1 - 63% (10-66)
Commercial Union PLC 83/96 Cum Imd Pri
C1 - 111% 2%
Commercial Union PLC 83/96 Cum Imd Pri
C2 - 114%
C3 - 114%
C3 - 116%
C4 - 116%
C5 - 116%
C5 - 116%
C6 - 116%
C6 - 116%
C7 - 116

Europeon knesment Bank 11% Ln 8tk 2002/Regi - £117% nternational Bank for Rec & Dev 71,5% Ln Sit 2003 - £1224 12129: Ln Stk 2006(Reg) - £135.2 (60e95) (60e95) Cooper (Frederick) Flux ways Curn Pig Prf 10p - 73 Condent FLC ADR (3:1) - \$3.83 7<sub>8</sub> .9373 .98 (S0665) New Zeeland 1114/6 Stk 2008(Reg) - £125 New Zeeland 1112/6 Stk 2014(Reg) - £1321<sub>2</sub> Petroleos Medicanos 141<sub>2</sub>% Ln Stk 2006 -Countailes PLG 512% Uns Ln Birk 94/96 -Courtaulds PLC 74% Uns Ln Sik 2000/05 reden(Kingdom of) (1% % Lin Str. 2014(Reg) - £113%, .655 .675 239-2 Covertry Building Society 121<sub>8</sub> % Perm Interest Bearing Shs \$1000 - \$1271<sub>2</sub> 81<sub>8</sub> 1<sub>4</sub> Crods International PLC 5.9% Cum Prf \$1 -United Medican States 1612% Ln Sik 2008(Br) - £123 (1De95) Listed Companies(excluding

Croda Informational PLC 5.3% Quin Pri 51 - 65 (4065)
Daily Maif & General Trust PLC Ord 50p - £12.7 (50695)
Dailysty PLC 4.85% Cum Pri 51 - 67 (60695)
Dangers PLC 6.25% Cum Criv Red Pri 51 - 90 3 (50695)
Devariati, JAJ PLC 10<sup>1</sup>4% Deb Six 2017 - £120<sup>1</sup>8 (60695)
Devariati, JAJ PLC 10<sup>1</sup>4% Deb Six 2017 - £120<sup>1</sup>8 (60695)
Devariati, JAJ PLC 10 (07 - 82 (50695)
Dover Corp Com Six \$1 - \$37<sup>1</sup>4
Dunlop Plantations Ld (1% Cum Pri 51 - 59 (40685) (40ess) dos PLC Ord 10p - 515 20 on Co PLC Ord 10p Emeas PLC 6.25p(Net) Crv Cum Red Prt 5p

en Trust PLC A Was to Sub for Ord -English China Clays PLC ADR (3:1) -\$15.016994 65 (10e95) ibert Fisher Group PLC ADR (10:1) - £4,771 Enterpress Oil PLC 115,9% Uns Ln Stk 2016 -£124-k (40e95) nders Hidgs PLC "A"(Fist V)Ord 10p -15 (SDe95) Alvord Group PLC 6.25p (Net) Criv Cum Red Pri 10p - 67 Allied Domecq PLC ADR (1:1) - 87.84 (SDe95) Allied Domecq PLC 512% Cum Pri 21 - 61 Allied Domecq PLC 114/% Deb Str 2009 -

Euro Diamey S.C.A. She FRS (Br) - \$2.581 2.5829 FR12.05 .94 .95 .97 3 Eurotuminal PLC/Eurotumiel SA Units (Stockent Insection) - FR7 .05 2 .223052 Ex-Londs PLC Warrants to trub for She - 1312 +50.0432 Amed Domesq PLC 114,% Deb Six 2009 -21237 Alfied Domesq PLC 514,% Lins Lin Six - 558 Alfied Domesq PLC 614,% Lins Lin Six - 565 (60e65) Alfied Domesq PLC 74,96 Una Lin Six 90/96 -23974 (60e55)
First National Building Society 114;96 Perm Int Gearing Ste £10000 - £118
Flacors P.C.C ADR (4:1) - \$15,05 (40e65)
Flacors P.C.C 5% by Lin Lin Site 2004/09 - £60
Flacors P.C.C 5% by Lin Lin Site 2004/09 - £60
Flacors P.C.C 5% by Lin Pri FR21 - £0.63 Allied Domecq Financial Servs PLC 53,96 CldCnvSubordBds2008 RegMultic1000 -

GAN PLC ADR (1:1) - \$123-0 GN Great Nordic Ld She DK100 - DK434.57

G.R.(Hidgs) PLC 101<sub>2</sub>% 2nd Cum Prf £1 - 87 G.T. Chile Growth Fund Ld Ond \$0.01 -

General Accident PLC 77:16 Cum lind Pri £1

General Bectric Co PLC ADR (1:1) - \$4% Glymed International PLC 7%% Gum Pri 21

Goode Durrant PLC 7-4 % Cum Pri St 40ces) Grampian Hidgs PLC 7% Cum Pri St - 63 (60ces)

Grand Metropolitan PLC 5% Cum Pyl C1 -5414 (50495)

Grand Metropolitan PLC 6<sup>1</sup>4 % Cum Prf £1 650 Great Universal Stores PLC 5<sup>3</sup>2% Red Uns Ln Str - £58 (6De95) tropolitan PLC 64% Cum Prf 21 -

Greenalta Group PLC 8% Cum Prf £1 - 105 (4De85)

Group PLC 1112% Deb Stk 2014 -

Greenals Group PLC 111<sub>2</sub>% Deb Sit 2014 - 5130 /s Greenals Group PLC 91<sub>9</sub>% Ind Uns Ln Sit - 5100 (50495) Greenals Group PLC 7% Cnv Subord Bds 2003 (Reg) - 5127 7 1<sub>2</sub> 1<sub>2</sub> 8 Guinness PLC ADR (5-11 - 534.62 HSBC Hidgs PLC Ord \$H10 (Hong Reg) - \$H114 2069 53499 8 6.2 8,1891 .2 4.7908

A7908

+SBC Hidge PLC 11.89% Subord Bds 2002

(Regi - £116<sup>1</sup><sub>2</sub> 7

+salitar Building Society 8<sup>1</sup><sub>2</sub>% Perm Int Bearing Sns 250000 - £94.95 5

+salitar Building Society 12% Perm Int Bearing Sns £1 ffleg £500001 - £127<sup>1</sup><sub>2</sub>

Hardye & Hansons PLC Ord 5p - 284

Hastor Inc Sns of Corn Sit \$0.50 - \$31<sup>1</sup><sub>2</sub>

(SD695)

Hasternare Estates PLC 101<sub>2</sub>% 1st Mtg Deb Sik 2016 - STr Harcutes Inc Strs of Corn Sts, of NPV -\$58.04

SSB.04 Hillsdown Hidgs PLC ADR(4:1) - \$8.46 ,7 Home Housing Association Ld Zero Cpri Ln Sts. 2027 - 450 (shotes) Housing Prisance Corporation Ld 11½% Deb Sts. 2016 - 51214, 2 (60e85) S Himstayan Fund NV ON FLD.01 - \$12½ (caland Group PLC Criv Cum Red Pri 20p -118.20

(\$0e85)
Flare Group PLC Wits to sub for Ord - 51 8
80 5
Folkes Group PLC Ord 5p - 57 (10e85)
Fore PLC 9.1% Uns. Ln 5tk 95/2006 - 2888
(10e85) (1De95) fortrum & Masson PLC 7% Cum Pri Sik £1 -76 (4De95) flendly Hotels PLC 5% Criv Cum Red Pri £1 - 102 (8De95) Hendy Hotals P.C 7% Cmv Cum Red Prf 51 - 89 (4De85) Fuller, Smith 8, Tumer P.C 8% 2nd Cum Prf 51 - 103 (1De85)

GIGON-SubordBas-2008 RegMutatic1000 - 129

Aliad London Properties PLC 10% Curn Pri C1 - 117 (40e98)

Aliad London Properties PLC 10% Curn Pri C1 - 117 (40e98)

Aliad London Properties PLC 10% % 1st Mitg Deb 58k 2025 - 2120½ (10e98)

Aliad Lock 55% Curn Curn Nort-Vitg Red Pri C1 - 81½ (50e98)

Amoricun Brands Inc Sha of Curn Sik \$3, 125 - \$42,95 (50e98)

Amoricun Brands Inc Sha of Curn Sik \$3, 125 - \$42,95 (50e98)

Amoricun Brands Inc Sha of Curn Sik \$1 - 132½ (50e98)

Amoricun Brands Inc Sha of Curn Sik \$1 - 132½ (50e98)

Andrews Sykas Group PLC Curv Pri 50p - 72 Arighan Witter PLC 5½% Indext-inted LinSik 2006(8,474%) - 2135 (10e98)

Angloval Ld N Ord R0.0001 - 525% (40e85)

Angloval Ld N Ord R0.0001 - 525% (40e85)

Actionated Socurity(Hidgs) PLC 576 Criv Curn Red Pri S1 - 39

BAT Industries PLC ADR (2:1) - \$17,4964

BET PLC ADR (4:1) - \$7,5247486

BOC Group PLC ADR (1:1) - \$13.56 (40e85)

BOC Group PLC 32% Curn 2nd Pri S1 - 53 (50e85)

BOC Group PLC 12½% Una Lin Sik 2012/17 General Accident PLC 87/16 Cum land Prf £1 - 115 1/4 1/2 1/4

(5De95) BOC Group PLC 121/4 Une Ln Sik 2012/17 - £1325 (50x95) BTP PLC 7.5p(Net) Cnv Cum Red Pri 10p -

171 IR PLC ADR (4:1) - \$18.55 (6De95) BTR PLC ADR (4:1) - \$18.55 (pDe95)
Berk of Ireland(Governor & Co of) Units NCP
St. Srs A St & Sp Uquidation - \$13.46
Berk of Ireland(Governor & Co of) Units NCP
Stk Srs A St & St Uquidation - \$13.46
Berk of Ireland(Governor & Co of) Units NCP
Stk Srs A \$15.86 (pDe45)
Berk of Ireland Srs A \$45.86 (pd. 12.46
Berkleys Berk PLC 12% Units Cap Lin Six
2010 - \$12.65 (pDe45)
Berkleys Berk PLC 16% Units Cap Lin Six
2002/07 - \$14.24 3
Berkleys Berk PLC 16% Units Cap Lin Six
2002/07 - \$14.24 3
Berkleys Berk PLC 7.25 (pDe45) 2002/07 - £142½ 3 Bardon Group PLC 7.25p (Net) Criv Red Pri 25p - 78 (4De95) Bardon Group PLC 11.25p Com Red Pri 2005 10p - 103½ 4½ ½ 5½ Barr & Wallace Amold Trust PLC Ord 25p -215

Bass PLC ADR (2:1) - \$20% 1 % (40:05) Bass PLC 10% Deb St 2016 - £119.85 (SD-95)

Bass PLC 71/1% Une Ln St. 92/97 - 139

Bass investments PLC 71/1% Une Ln St. 92/97 - 139

97 - 1391/9 (SDe95)

Belway PLC 95/5 Cum Red Pri 2014 11 - 112 (40e95)

Registern d-y AS "8" Non Vito She NK2,5 -NK131,1 ,43 & Bithingson Midshres Building Soc 93/94 Perm Int Bearing Sha \$1000 - \$100% \$ 1/9 Bithe Circle Industries PLG ADR (1:11 - \$5.4 Bite Circle Industries PLG AUR (1:11 - 0007)
MD095)
Blue Circle Industries PLC 51/46 2nd Deb Stk
1984/2009 - 277 (4De95)
Booker PLC ADR (4:11 - 252.38 (1De95)
Breatford & Bangley Building Society115/36
Perm Int Bearing Stee 110000 - 2:123 3 12
Breatford & Bingley Building Society1396
Perm Int Bearing Stee 210000 - 2:1375/6 6 1/6
Perm International PLC 3% Curn Red Pri 21 - 04

Incepta Group PLC Was to Sub for Ord - 8 to (1De95) Statistical Control Services man Life PLD of PEQ. 10 - 822-85 2-46 p 263 12 12 4 512 Jardine Matricson Hidge Ld Ord \$0.25(84m-muds Register) - 24.17 (SD455) Johnson & Firth Brown PLC 11,05% Cum Prf C1 - 104 (ID486) Johnson & Roup Cleaners PLC 7.5p (Net) Cnv Cum Red Prf 10p - 115 6 (80-66) Jones & Shigmen PLG 4.9% Cum Prf 25p - 15 (40-66) Jones & Shigmen PLG 4.9% Cum Prf 25p - 15 (40-66) Jones & Shigmen PLG 4.9% Firmly Shigmen PLG 4.00 (2016) Firmly Shigmen PLG 4.00 4600 (2016) Firmly Shigmen A.S. A.Sha NKT2.50 - NK200 2.8 8 183 412

Ladiorokie Group PLC ADR (1:1) - \$23<sub>8</sub> (\$0565) Land Securities PLC 9% 1st Ming Deb Sik 9 2001 - £100 <sup>5</sup>8 LASMO PLC 103<sub>8</sub>% Deb Six 2009 - £115 ke Group PLC ADR (1:1) - \$23 es PLC 9% 1st Ming Deb Sik 96/ (4De85) Lebówa Platinura Minas Ld Ord R0.01 -en 74

Lasets & Holbeck Building Society 13% % Perm int Bearing Sits £1000 - £1404 % hip PLC 596 Curt Prf Sti Lawis(John) £1 - 650 .ewisiJohriParmership PLC 71<sub>2</sub>% Cum Pri Stk £1 - 75 (50e85) gnose SILE 1 - 10 possessy London transational Group PLC ADR (5:1) -\$10 (1De85) Lontho PLC ADR (1:1) - \$2.54 Lontho PLC 101/19 1st Mitg Deb Sik 97/2002

Lookers PLC 8% Criv Curt Red Prf £1 - 100 Lynton PLC 10%% 1st Mag Deb 3tk 2017 -£117% (8De86) MEPC PLC 8% Uns Ln 3tk 2000/05 - £100ф MEPC PLC 10½% Uns Ln 3tk 2032 - £116% (80e95) McCarthy & Stone PLC 8,75% Cum Red Pri 2003 21 - 88 McGarthy & Stone PLC 7% City Une Lin Stik 99/04 - 270 Mothemay Properties PLC "A" Ord MED1.10 -IED.04 (4De95) Minecca Fund (Coyman) Ld Pig Sins \$0.01 -\$13-kg

\$13-k\$ Marks & Spencer PLC ADR (6:1) - \$40% (40-65)
Medievs PLC ADR (4:1) - \$11.03 (40-65)
Medievs PLC ADR (4:1) - \$11.03 (40-65)
Merkste Moore PLC 10-2% fair Mag Deb Six 2020 - \$106 (10-65)
Mersey Doctos & Herbour Co 8-k% Red Deb Six 98-98 - \$26 (59-65)
Mersey Doctos & Herbour Co 8-k% Red Deb Six 98-98 - \$26 (59-65)
Medi-Sussex Weiser Co 10% Red Deb Six 2013/17 - \$110½ (40-65)
Mediend Bank PLC 14% Subord Une Ln Six 2002/07 - \$130 k 12/07 - £130 3 Corporation Contr She of NPV - £4.3 Line She of Class A Com Sik \$0.05 -

Moties Inc. She of Clase A Com Sik \$0.05 - \$334, (50e5)
Morgen Sincial PLC 6.825% Cnv Cum Red Pri £1 - 70 (10e65)
Mount Charlotte Investments PLC 10<sup>1</sup>4% 1gt Mitg Deb Six 2014 - £116[1, Muchtow/A.a. J.)Group PLC 13<sup>1</sup>4, % 1st Mitg Deb Six 200005 - £119<sup>1</sup>2, 6<sup>1</sup>8 NFC PLC 7<sup>1</sup>4 % Cnv Beb 2007@Reg - £90<sup>1</sup>4, 12 Nscional Westminister Bank PLC 9% Non-Cum Sig Pri Sers \*4 £1 - 117<sup>1</sup>4, 8 Nestonal Westminister Bank PLC 12<sup>1</sup>2/6 Subord Uns Ln Six 2004 - £127 £50e6)
Newerthill PLC 8,775% Cum Pri £1 - 72

(1095)
Northern Foods PLC 61-% Ow Subord Eds 2006 (Heg) - 5274 (8069)
Northern Foods PLC 61-% (Ore Subord Eds 2006 (6-2 Var) - 584-4
Northern Foods Building Society 125-% Perm Int Bearing Strs \$1000 - \$136-2 4, 7
Orbis PLC Ord 10p - 27 1<sub>2</sub> 30
Pacille Ges & Electric Co Shs of Com Six \$5-2576.

Paterson Zochonie P.C 10% Cum Pri 21: 1162 7/2 Passon P.C 9.3% Una Ln 5th 96/2001 -£101 (4De85) Passon P.C 13.625% Lina Ln 5th 2007 -£1403-6 Peel Hidgs PLC 10% Cum Prf 50p - 54 (10e5)
Ped Hidgs PLC 87,% 1st Ming Deb Stk 2011
-21054, (40e95)
Ped Hidgs PLC 5.267% (Next Cirv Curn Non-Vig Prf 21 - 121 (40e95)
Ped South East Ld 10% 1st Ming Deb Stk 2026 - 210312 (40e95) Peninsular & Oriental Steam Nev Co 312% 2nd Deb StefPerp) - 537 (4De85) Peridas Foods PLC 8p9Net) Cum Cnv Red Pri 10p - 86 812 (6De85) Petrolina S.A. Ord She NPV (Br in Denom 1.5 8 10p - 2181.65 BF9682 879.8 80 80 7.7 91 PLC 912% Cum PH 21 - 83 800e65 ienteston & General Imps PLC 812% Gum Red Prf 21 - 84 Pokphand (C.P.) Co Ld She \$0.05 (Hong

3621/2 1/2 Powell Duffryn PLC 41/1% Cum Pri 50n - 28 Cusen's Most Houses PLC 104/56 1st Mig Deb Sik,2020 - 188 (40e95) Culcius Group PLC 1046 Cum Prf £1 - 100 RPH\_Ld 8% Une Ln Sak 99/2004 - £102 (sDe85) Racal Electronics PLC ADR (2:1) - \$8.3

(6095) Pank Organisation PLC ADR (21) - \$12.7 Reed International PLC 3.65% (Fmby 5<sup>2</sup>2%) Cum Red Pf Ct - 62 (4046) Republic Goldfelds in 6 Sha of NPV - \$00<sup>1</sup>2¢ Richards PLC 4% Cam Pld \$1 - 38 (6046) Richards PLC 51<sub>2</sub>% Cum Pfd 750 - 38 (80:85) (cu.cets)
Romeon PLC Ord Sp - 52 8 3
Roper PLC 1112% Cum Prf £1 - 118
(50:685)

Vewerthil PLC 6,775% Cum Pri S1 - 72 (10e95) telecastis Building Society 125/5/6 Perm Interest Bearing Shs £1000 - £13714 (SDe85)

Parither Securities PLC Was to sub for Ord dand Group PLC Ord 25p - 166 (6De65) erson Zochanis PLC 10% Cum Pri £1 -

£117.5€ 1717.59 Tate & Lyfe PLC ADR (4:1) - \$29 Taylor Woodnow PLC 91<sub>2</sub>% 1st Meg Deb Sik 2014 - 1708<sub>A</sub> Tesco PLC ADR (1:1) - \$41<sub>2</sub> (80x65) Tesco PLC 47k Uns Deep Diec Ln Sik 2006

agistared) - \$H3.18 (1(0e95) rust Pletinums Ld Ord R0.025 -

Trafalger House PLC 1014% Une Ln Sik 2001/06 - 172 7 SC695)
Rotark PLC 9½% Cum Prf £1 - 103 (8D695)
Royal Bank of Scotland Group PLC 5½%
Cum Prf £1 - 72 (4D695)
Royal Insurance Holdings PLC 7½% Cnn
Subord Bds 2007 (Br 2 Var) - £132 (6D695)
Rugby Group PLC 6% Uns Ln Stik 93/98 194 (8D695)
SCEcorp Sits of Com Six of NPV - \$16.
Salnabury(J) PLC ADR (4.1) - \$22.7 4.32
(6D695) - B7 8

Thansport Development Group PLC 84;75
Unis Ln Sit 8938 - 50897; (40985)
Unispate PLC ADR (1:1) - 52.66
Unispate PLC 672% Une Ln Sit 97,76 - 598
(50985)
United PLC ADR (1:1) - 581,72
Unitys Corp Cum Six 80.01 - 564
United PLC ADR (4:1) - 581,72
Unitys Corp Cum Six 80.01 - 564
United Remainters Adrian Ld Ord RLS0 - 50.3
(60985)
Unity Cable PLC Wits to sub for Ord - 9
(60985) (STre65) Servoy Hotal PLC "3" Ond 5p - 290 (6De95) Scholl PLC 84 % Curn Red Pri 2007/05 21 -103<sup>1</sup>/<sub>2</sub> (SDe89) Scholl PLC 54/3% Criv Curn Red Pri 2006/11 • E1 - 66 8 (8De65)

68 6 (8De65) for Japanese Warrant Fund Ld IDP (in im 100 She 8 10000 She) - \$55 Scottish Metropolitan Property PLC 10<sup>3</sup>4% 1st Mtg Deb Stk 2018 - £112 (10485) Scottish & Newcastle PLC 6.426% Cum Pri £1 - £9 357-458 63 (80e35) 681/9 PLC 7<sup>1</sup>4% Uns Ln Stk 82/97 - 299 (10e86) (1De96) Sever: River Crossing PLC 6% Index-Linked Deb Stk 2012 (5.889%) - £123¾ ¾ 4¾ Shanghai Fund (Ceyman) Ld Papg She \$0.01 - \$7¾

Shield Group PLC Ord Sp - 5 m0e95 hoprite Group PLC Ord 5p - 7½ 8½ hoprite Finance (UK) PLC 7,875p(Ne Red Pri Shs 2009 - 88 (1De95) ned PT She 2009 - 69 (1De95) Signet Group PLC ADR (3\*1) - \$0.63 Simon Engineering PLC 7.75% Cum Red Pri 92/97 E - 62 (4De95) Shope & Friedburger Singer & Friedlander Group PLC 8.5% Cnv Subgrd Uns Ln Six 2009/14 - £155 6 7 (8De65) (ODe55) Stigton Building Society 12% 16 Perm Int Bearing Strs £1000 - £196% StringstryR-C,IPLC Ord 25p - 255 (SDe95) Smith (W.H.) Group PLC 5-1/16 Red Uns Lin Sit - £59 (SDe95) Smith(W.H.) Street PLC A DO 5511

Sit - ES9 (80-69) Smithfülne Bescham PLC ADR (5:1) -554.2461 .37316 ½ .47 Smithkülne Bescham PLC/Smithfülne ADR (5:1) - E35.17 § 54½ ¼ .3 Standard Chartered PLC 1274% Subord Una Ln Sit 2002/07 - £123¼ (50-69)

Symonds Engineering PLC Ord 5p - 41 2 THFC (Indused) Ld 5.85% Index-Linked Site 2020(E.9390%) - £1.27½ 8¾ TSB Group PLC 105g% Subord Lin Site 2008 - £1.17½ L. In. - £1174g 4 2 Takare PLC 11.8% 1st Ntg Deb Stk 2014 -Zambil Conscilida Ord K10 - 50**4** 

velopment Capital Fund Ld Ord \$0.10 - \$10 \$506\$)
This Development Capital Fund Ld Was To
Sub For Ord - \$1.6 \$506\$)
This Prime Fund Ld Pby Red Pri \$0.01 \$1.5 15.8 15.85 E15.6 15.95
THORN BM PLC ADR (1:1) - \$24.4
Tops Estates PLC 101/W 1st Mig Deb St/
2011/16 - \$110/2 (Del5)
Total Systems PLC Ord 5p - 20 (40.99)
Total Systems PLC Ord 5p - 20 (40.99)
Total Systems PLC Ord 5p - 20 (40.99)
Total Systems PLC 107-76 1st Mig
Deb St/ 2021 - £116/2 (10.99)
Town Centre Sociation PLC 19% Cm/ Una Ln
St/ 98/2000 - £280 (50.99)
Tradigger House PLC 7% Una Deb St/ \$1 42

Trainigar House PLC 8% Uns Ln Stk 94/89 -980 Tradalger House PLC 912% Uns Ln Stk 2000/ 05 - 272% 2007/05 - 172 7 Inansationis: Holdings PLC A Cav Pri 50p -22.39 (80:495) Inansationis: Holdings PLC 8 6% Cav Pri 21

rs PLC 5% Cum(Tax Free To 30p)P1 88: 21 - 71 (10e95) Vocations Group PLC ADR/10:1] - 221.83 21.9 \$ 33<sup>1</sup>4, <sup>1</sup>2 .815 <sup>1</sup>5 <sup>1</sup>8.85 .8 .95 WEW Group PLC 10<sup>1</sup>2% Outs Rad Pri 93<sup>1</sup> Wagon Industrial Hidgs PLC 7.25p (Net) Chv Ptg Prf 10p - 128 33 (80e95) Walker(Pth)

Walker (Thomas) PLC Ord Sp - 28 (40x85) Walker(Thomas) PLC Ord Sp - 28 (40x85) Walkeroughethisp PLC Ph W Cum Rad Pri 2008 St - 108/2 9/2 Walk Fargo & Company Shis of Com Stk \$5 -\$216,332775 (60x85) Wankfargo & Wankfark Werdchave Property Corp PLC 9-5% 1st Mig Deb Stx 2015 - £103 (4De85) feetland Group PLC 12\*2% Deb Stx 2008 -£129\*2 (5De85) Mediand Group Page 1291, (50e65) \$1291, (50e65) Whithread PLC 796 3rd Cum Pri Stk £1 - 74 Whitbread PLC 7% 3rd Cum Pri Stk £1 - 74 (5De95) Whitbread PLC 41<sub>2</sub>% Red Deb Stk 99/2004 -932 k (SDeS) Whithead PLC 74% Uns Ln Sak 95/99 -937 k (Medis) Whithead PLC 74% Uns Ln Sak 96/2000 -

299<sup>1</sup>2 hithread PLC 10<sup>1</sup>2% Uns Ln Sik 2000/05 -White £110 £110
Whitescroft.PLC 5.1% Curn Prf.£1 - 65¢
(40-65)
Whitescroft.PLC 5.1% Curn Prf.£1 - 65¢
(40-65)
Whitescroft.PLC 50 400 - 70 (40-65)
Whitescroft.PLC 10 400 Curn Prf.£1 - 127
Whitescroft.PLC 10 400 Curn Prf.£1 - 127
10.98 11 (60-695)

Winnest PLC 1012% Cum Pri C1 - 115 (SDESS)
Xerox Corp Corn Six \$1 - \$141 \( \frac{1}{2} \)
Xerox Corp Corn Six \$1 - \$141 \( \frac{1}{2} \)
York Weberworks PLC Ord 10p - 380 (50e85)
Yorkshire-Tyne Tees TV Hidgs PLC Wits 10
sub to Ord - 415\( \frac{1}{2} \)
Zambis Consolidated Copper Mines Ld\*8\*

Investment Trusts American Opportunity Trust PLC Zero Cph Cry Uns Ln Six 98/99 - £180 (50/995) American Trust PLC 31<sub>2</sub>% (Fmly 5%) Cum Pri Six - 255 (40/895) Anglo & Overteas Trust PLC 8.5% Deb Six 2000 - 53912 (50/995) BZW Endownteer Fund Ld Radesmeble Ord 10 - 118 7

BZW Endowment Fund Ld Radosmable Ord 1p - 118 7

Baille Gifford Shin Napport PLC Warrants to sub tor Ord - 75 8 SDe859.

Baille Gifford Shin Napport PLC Warrants to sub tor Ord - 75 8 SDe869.

Baille Gifford Shin Napport PLC Warrants to sub tor Ord 2005 - 51 (4De85).

Bering Tiffbure Investment Trust PLCQ1<sub>2</sub>% Deb Six 2012 - 21054 (5De85).

Baronamend Investments Trust PLC Was to sub tor Ord - 2912 (1De85).

Pritish Assats Trust PLC Equities Index LLS 2005 10p - 181.

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25p - 2442¢
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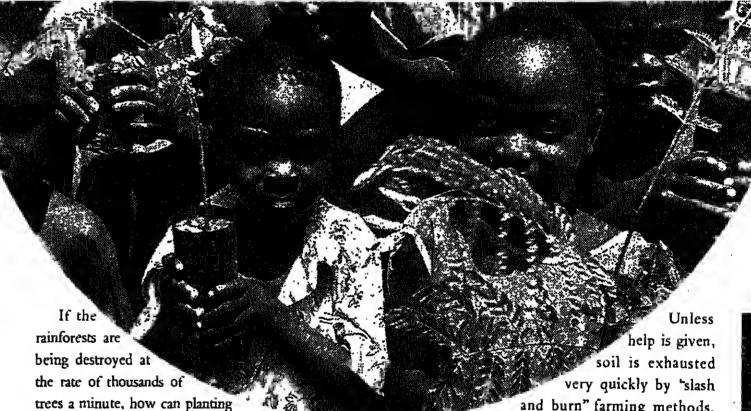
RULE 2.1 (a)(v) Bargains marked in securities (not failing within Rule 2.1 (a)(i) ) where the pricipal market is outside the UK and Republic of Ireland.

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just a handful of seedlings make a difference? A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people

that can force them to chop down trees. Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lotea trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, whete WWF provides technical advice on growing vegetable and grain crops.

and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional. practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of

natural resources should be sustainable. WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

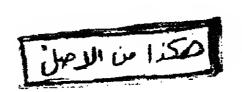
Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature

International Secretariat, 1196 Gland, Switzerland,

FOR THE SAKE OF THE CHILDREN GAVE THEM A NURSERY.



#### LONDON STOCK EXCHANGE

## MARKET REPORT

# Footsie lower for fifth successive trading session

By Steve Thompson, UK Stock Market Editor

A timely reminder of the potential for profit-warnings in the UK equity market, coupled with another bout of the jitters in the US and an afternoon reversal in bond markets, saw the FT-SE 100 index register its fifth

successive decline. Wall Street continued to play a big part in unsettling London, as well as other European markats. The Dow Jones followed up Thursday's steep fall of nearly 40 points, with another less-than-convincing showing at the start of US trading yesterday, following the November

declina of 50.4 points, or 1.3 per cent, over the week. The FT-SE Mid 250, meanwhile, suffered more than the senior index, sliding 20.7 to 3,833.2. Over the week, it fell less than one per cent.

Laporte, the chemicals group, was largely responsible for the underperformance of the Mid 250 index, after shocking the market with a profits warning, the second from a chemicals group this week. Laporte said it expected current year profits to come in around 10 per cent lower than most forecasts, triggering a 22 per cent slide in its share price.

Footsie ended another volatile cancelled out the benefits to the session a net 9.5 lower at 3,630.0, a Mid 250 index of a good performance from T & N, the automotive components and engineering group, which emerged victorious from a \$185m lawsuit in the US.

The day'e crucial event, however, was the US payroll report, which initially saw Treasury bonds race ahead by a full point, before coming off sharply to trade only 5 ticks higher as London closed. Gilts, which struggled throughout the morning, picked up to post gains of 8 ticks on the back of US bonds, before coming off and ending virtually unchanged on the day.

The Dow edged higher at the out-

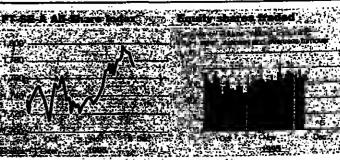
back to display a 20-point decline, before steadying. The FT-SE 100 kicked off the session with a 7-point loss, declined further in mid-morning, but embarked on a good recovery in the early afternoon. At best, the index was 6.4 higher, but gains were wiped out by Wall Street's slide.

As well as being disturbed by the Laporte warning, the market became increasingly nervous about Monday's official market debut of National Grid shares. Some dealers hinted that the shares might not go as well as some have predicted.

bers, but quickly reversed, falling their grid shares, probably via series of bought deals; the institubuy the stock in big size later on." The five recs hold between 45 and 48 per cent of Grid stock.

As well as the possibility of UK and German interest rate cuts, next week sees the expiry on Friday of the FT-SE future and index options as well as triple witching in the US. There were also murmurings around the trading desks of more bid activity; one of the day's wilder stories was that BP was contemplating a bid for British Gas.

Turnover in equities was 678.1m "The market knows that five of shares. Customer business on set, as dealers scrutinised the num- the recs will be looking to place. Thursday was valued at £1.74bn.



e and ration			ET-SE 100 Index
Mld 250	3933.2	-20.7	Closing index for Dec 8 3630.0
A 350	1798.9	-5.9	Change over week39.7
A All-Share	1773.38	-5.36	Dec 73969.5
A All-Share yield	3.83	. (3.81)	Dec 83662.8
linary inciex	2630.1	-4.9	Dec 53664.2
A Non Fins p/e	16,49	(16.52)	Dec 43669.7
100 Fut Dec	3634.0	-11.5	High*3683.5
Silit yield	7.46	(7.43)	Low3618.2
alt/equity yld retio:	2.02	(2.04)	*Intra-day high and low for week

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Mg03	220	870	-1	Marks & Spercert	4.500	436	-3
Vrgys Group† Vro Wildolmst	2,100	369	-2	Michands Elect.†	1,000	979	- 4
esoc. Brit. Foods:	511	775	+345	Morrison (War.)	454	736	-1
lence. Brit. Ports	195	293	-7	NatWest Benich	5.100	656	-9
A1 Indet	3,100	480	-4	National Power?	1,700	458	-1
ET.	868	120	-1	Next Next West Weter; North West Weter; Northern Elect. Northern Foods	515	586	î
SOCt	861	273	-8	Northern Elect.	2,800	928	+10
Pt	8,900	5042 504	-9	Northern Foods Petront P & O† Pliangton PowerGent Prudental† REXAMT	348	172	-3
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उस्ति ।	6,900	3211/2	+1	Pruderdent	3,500	430	-10
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ilus Circle†	1,200	330	~,	Rucal	1,200	276	•3
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iritaranic	70	722	-2	Pactandt	1,100	314	-11
Socker Socker Sidential Si	1,800	793	-7	REXAMT FMCT FMCT FMCT FMCT Reside & Colement Reside & Res	5,300	978	-21
British Gust	3,700	2261	-70	Rentphil†	687	330	•7
British Land	145	374	-2	Rolle Roycet	16,000	1744	+2%
dringh Sheet Suret	6,700	167	-15	Routers† Rolls Reyear) Ryl Bit Scotland† Royal Parameters† Schotlers† Scotland & New.1 Scotl. Hydro-Bacl. Scotland Power† Searrs† Seagretck Seaboard Seven Trent†	2,700	567	-1
Bunneh Castrolt	1,300	932	-28	Hoyal Insurancey Sancturet	2.400	379	-2
Burton	5,900	131	+1	Schoolerat	127	1333	-2
James & Willey Sections Schoolsest	4,300	443	-1	Scottish & New 1	1,100	505%	- 5%
aradon	2,300	185	-1	Scottish Powert	1.000	369	*1
anton Commut	634	982%	-18%	Search	15,000	96%	-1
2000s Veygag 2000s Lielent	4,400	173	-4	Sedgwick	1 000	118	:2
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Salgety Asia causes	586	380	-7	Siquoti Esta	1.100	208	-3
De La Rost	831	685	733 727 716 71	Smath (W.H.)	520	417	+3
Magng Foot Miritard Class	1,600	410	-2	Smith & Nephewrt	1 000	190%	- <del>*</del>
Bectrocompe	88	349	- 1	SmiG Beecham Uts.†	610	685%	-7%
ing China Clays	1,800	286	~16	Smiths India.	260	616	-2
Sterpins COT	1.600	357	-7	Southern Best.1	1 700	1109	-2
70	728	165		South West Water	494	498	+4
ro Foreign & Col. I T. Fortet Gen. Accident† General Elect.† Stans Wellcomet†	1,400	16114	••	Southern Water	466	685	+1
Greet Sen. Accidents	1,000	\$38% 650	-20	Standard Chartery	908	342	-3
General Elect.†	10,000	314		Sun Allianort	2,200	374	-13
Stance Wellcoment	3,400	883%	-27	T&N	13,000	185	-35
Granada?	1,800	634	-11	TEN TI Group† TS9† Turrnoc Tata & Lyfer† Tayfor Woodrow Tolevieug Toecor† Turrnes Walter† Thom EMI† Tominns† Teadagar House Livinore	4.400	408	-7
Grand Met.† 3US†	1,200	444%	-11%	Tarmoc	801	84	
SUS†	5,800	665	+33	Tate & Lyle†	1,700	465	+B
Smonsils SAE	3.700	268	-;	Talaillant	980	184	-1
SKN-† Saturecont ISBC (/Sp she)†	2.900	799	-0	Tescot	3,300	280	-1
HANNING CONTRACTOR	2,100	451%	· 1/2	Thomas Water	199	366	-1
kizimaracii	128	341	-3	Tomidnet	4,300	262	-1
tensont	10,000	109	+9	Trataiger House	7,100	2915	+14
larrisons Crosfield	596	144		Unigate	170	413	-3
Mischwa	5,100	162	- 2	United Blacuits	1.100	254	*1
MR.	983	906	+2	Litel, News & Media	519	536	~14
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onnson Meximer	1,300	548	+5	Welsh Water	533	728	~1
ingfishert Leik Save	2.400	509	-1	Wesser Water	271	333	_
ortoniet	239	154	-2	Manual total a	1,400	851 326	-8
adbroket and Securitiest	1,100	604		Wils Corrood	283	136	-1
aporte legal & General†	6,800	610	-173	Wimpey	1,800	130	-1
ingal & General† Joyds Abbay	7.700 6.500	685% 453	-173 -124 -3 -174 -3	Tradatjar House Linigate Linigate Linidate Linid	1 200	884	_9
loyds Abbay loyds Bankt	4,300 1,500	870%	-17%	Yorkshire Water	392	B24	-2 -1 -22%
ASMO	.,	165		Zerecut		12931/	

FT - SE Actuaries Share Indice

#### **EQUITY FUTURES AND OPTIONS TRADING** into the March contract which The retreat from early gains in bond markets in both the US becomes the market leader next Friday. It traded 5,867 and Europe prompted another decline in stock Index futures,

writes Joel Kibazo. At the close, the December FT-SE 100 contract stood at 3,634, down 11 points on its previous close and just a point above its fair value premium to

Some 12,647 lots had been traded by the close, although dealers pointed out that once

Volume was slightly down in the traded options, where total turnover reached 29,605 lots against 31,122 lots on Thursday

The FT-SE 100 option traded 10,976 lots and the Euro FT-SE 10.235 contracts. Vodafone Group was the busiest stock option with a

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	T-SE 1			_					er full	inde	pok	*				(APT
		_	pen	Se	tt pric	. (	heng		High	,	Ļ	~	Est	vol	Ope	n int.
Dec		36	41.0	36	334.0		-11.5		3665.0		3620	.0	126	47	50	129
Mer		36	63.0	36	357.5		-12.5		3678.0		3845	0	58	37	283	716
Jun				36	961.0		-11.5						0		11	16
■ Fi	r-se N	ED :	250 D		FUT	JRE	S (LIF	FE) 2	10 pe	r full	inde	c poin	4	_		
Dec				31	935.0		-15.0						. 0		4	75
Mar				36	985.0		-15.0							1	31	83
	34 C	50 <sub>P</sub>	35 C	000 P	35 C	80 <sub>P</sub>	C	00 P	36	50 P	S.	700 P	C ST	50 P	G.	100 P
Dec	187	í	137	2			40,						ĭ	126		178
Jan .	208	11	157		118			45	53	6512	31	95		1331	72	161
Feb	22112	201 <sub>2</sub>	180	29	141/2	401 <sub>2</sub>	108	28	79	7912		108		163	2312	183
Mar	23712	33	1981			58				98	76			156	3712	
Just			238 <sup>1</sup> 2	6/42			1/3	120			123	168 <sup>1</sup> 2	:		61	228
	5,317 Pc															
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	34			25		75		25		75	3	725		75	30	25
Dec	15912	.1	11012		84	512			612	47	1	817		141	1	101
Jan	179	147	1361	217	202	33	6612	4812	41	7412	24	107	122	148	612	189

FT-SE-A INDICES	- LEADERS & LA	GGARDS
Percentage changes since D	ecember 30 1994 besed on F	Friday December 8 1996
	Mineral Extraction+17.80	
	FT-SE-A 350+17.02	
	FT-SE-A AM-Share+18.56	
	Water +16.41	Gen Industrials+5.0
Tobacco	Services	
	FT-SE-A 350 Higher Yid +15.18	
Support Services+26.42	Engineering, Vehicles+14.87	Spirits, Wises & Ciders+1,6
Brewerles+25.92	Non-Pinancials+13.45	Chemicals+0.0
Mode+24.70	Electronic & Blect Equip+13.26	
	FT-SE MIG 250 ex ITA+12.51	Utilities +0,1
Insurance+23.40	FT-SE MM 290	Telecommunications0.2
Leleure & Hotels +22.78	FT-SE SmallCap ax ITs+11,63	
Baoles, Merchand+22.28	Extractive industries+11,21	Property0.7
Oil, Integrated +20,68	Investment Treess +11,06	Building Malls0.5
Engineering+20.19	FT-SE SmallCap	Transport24
	FT-SE-A Fledgling ex ITs . +10.82	Tendiles & Apparel4.8
FT-SE-A 350 Lower Yel+19.22	FT-SE-A Fledgling+10.53	Paper, Pring & Printing10.2
	Food Producers+10.37	Bas Distribution27.5

#### Grid sparks awaited

Tension began to build among investors regional electricity stocks yesterday. Several recs go ex their National Grid etakes on Monday and the changes are expected to produce intense activity in the

market\_ As shareholders receive big payouts from the electricity companies entitled to a share of the National Grid, a flood of cash is expected to be looking

There was talk yesterday that a number of leading brokers were pitching aggressively for the stakes. And a leading investment bank was believed to have carried out detailed book building in preparation for the week's dealing. However, analysts believe bigger stake holders may hold on for a few days until the market settles.

In the grey market National Grid shares held at 209p after turnover of 30m.

Also, once any murkiness over the valuations of the last remaining independent recs is cleared up more bids could emerge. Groups such as London, which appoproces figures on Thursday, Northern which sports on Tuesday, and Yorkshire are all expected to attract takeover moves. There were suggestions vesterday that Yorkshire Water could soon make a move on its regional electricity counterpart. Cum dividend, London rose 2 to 891p and Northern 10 to 928p. Yorkshire Electricity eased 2 to 884p.

Laporte shock

Speciality chemicals group Laporte shocked the market with a stark profits warning that knocked 22 per cent off the company's share price yes-

Laporte tumbled 173 to 610p after the company warned that profits would fall to about 10 per cent below last year's level and announced an £85m charge for restructuring and the writedown of assets.

A second half downturn in chemicals for the construction and bulk polymer industries

#### **NEW HIGHS AND** LOWS FOR 1995

FT Ord

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GOODS (2) Durby, Mayborn, INS NT THUSTS (20) IN Chyselle, Gerner Workshop, LIFE ARSLIFANCE
(1) Lincoln Net, MEDIA, (4) Avesco, Metal
Sulphi, TO Dermand Into, VTR, Oil.
EXPLORATION & PROD 62 Malcos Energy, Do
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PROPERTY (1) FRS, RETAILERS, 4839ERAL (8)
Argos, Goldenbirs, Great Unid, Hernleys,
Krigsbury, Collecto Int., SUPPORT SERVE (4)
MATTE, Micropet, RM, Sige, Link Stavegs, Voys,
HECKILES & APPARES, (9) Abbeyres, Dellysh,
Hidding Pariscost, TRANSPORT (1) Singecoch,
WATTER (1) Wessex Cm P, AMF (3) Abbour
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and a continuing poor performance in water technology and trading in South America and

Australia were blamed. Analyst Mr Charles Lambert said the predictions had thrown analysts into confusion. "This has been a kneejerk reaction but the full-year figures are likely to be closer to £110m than £130m to £140m and there's no way you can. take a view until you see those

figures." Concerns about construction chemicals wiped 28 off the share price of Burman Castrol, the oil group, which closed at 933p. However, SGST argued that any overlap between the two companies was limited and Burmah should be bought on

Other chemicals groups also suffered. ICI tumbled 18 but rallied to close 9 off at 742p and Courtaulds slid 8 then recov- an overhang of stock faded, the

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LEGAL NOTICES

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ered to close unchanged at

News of management changes at Great Universal Stores announced on Thursday and the favourable prospects for the group following the changes, continued to excite the market and made the stock the best performer in the Foot-

The shares rose by more than 5 per cent as they jumped 33 to 665p, to make a two-day rise of 51p, in heavy trade of 5.8m. BZW was said to have been one of the main buyers of stock over the last two sessions and Mr Tony Shiret at the investment bank said: "We have reappraised the potential for the core home shopping business and we see it breaking out of the dull trading of the last decade."

ABN Amro Hoare Govett another fan of the stock has changed its recommendation from "hold" to "undervalued", and believes, "the new man-agement can release more value from shareholders than the current management."

But analysts at NatWest Securities injected a note of ria, reducing its recommenda-tion from "add" to "hold".

Engineering group T&N once again led the league table of the day's best performers in the FT-SE Mid 250 index, as themarket celebrated news that Chase Manhattan bank's £185m asbestosis claim against the UK group had failed.

The shares jumped 35 to

165p. Panmure Gordon urged investors to buy the stock and said: "The huge sigh of relief has rightly been mirrored in the share price this morning. We believe that it still has further to go, as the "dust" settles post the decision and the market starts to see that there really is some light at the end of the asbestos tunnel."

Leading composite stocks which have big holdings in US equities feil in response to Wall Street's Thursday decline. General Accident shed 20 to 650p. and Sun Alliance 13 to 374p.

Insurance broker Lowndes Lambert improved 7 to 140p. Analysts said that when the group's colourful chairman, Mr Richard 'Rocky' Shaw, died recently and there was a feeling that his stake of around 5 per cent would be sold into the market. As the concern about **B** CHIEF PRICE CHANGES

4181/4 + 161/4 De La Ru 251 GUS 140 165 98214 - 181/2 English China - 20 Gen Accident 610 - 173 8701/2 - 171/2 Lloyds Bank

Read Inti

share price picked up. Pressure on Reed International continued despite reassurances from the company that there was no threat from Internet competition. The shares fell sharply on Thursday in response to a US husiness magazine article. Although they steadied early yesterday, the rout continued and Reed were down a further 45 at worst before settling 21

978

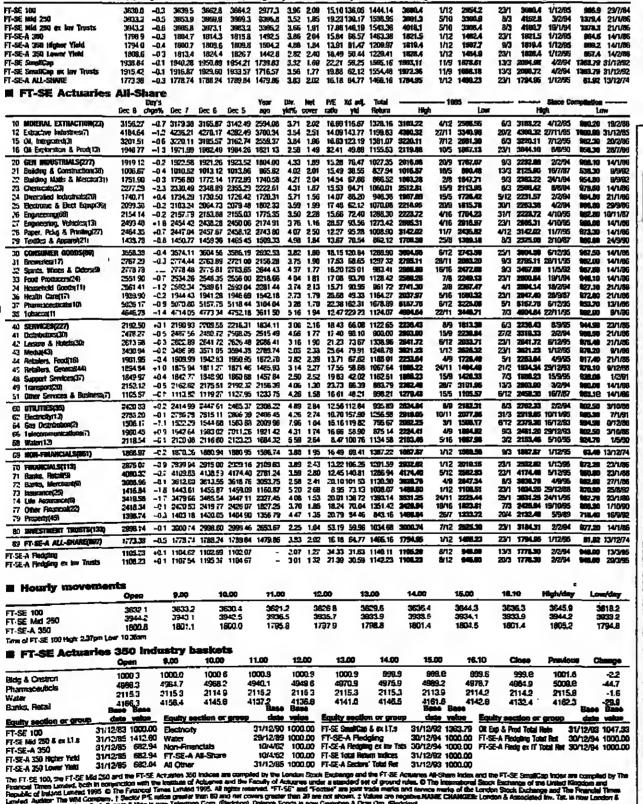
off at 978p. Media conglomerate Pear-son, which had been dragged down in Reed's wake, bounced 9 to 654p as analysts reassured their traders that there was very little similarity between the two group's in terms of highlighted in the damaging article.

BSkyB, the satellite broadcaster which has seen its shares on worries about an Office of Fair Trading inquiry, recovered 161/2 to 4181/2p. There was some relief from news that BSkyB was planning a range of new television slots including an arts channel, education channel, computer channel and games channel.

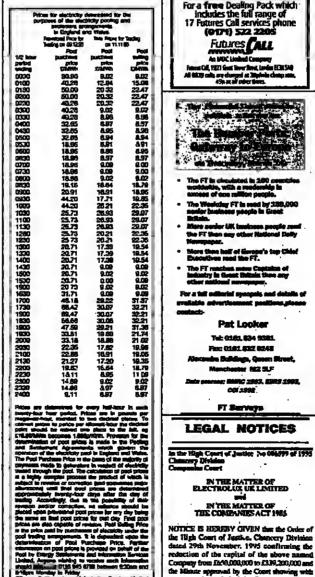
It was too late to rescue De La Rue from Footsie exclusion but the shares bounced 33 to

UK hotels group Forte, currently under siege from Granada Group, edged forward to close at 338%p, as it once again urged investors to reject the Granada offer and forecast a 46 per cent rise in profits to £185m. Granada shares closed II lower at 634p.

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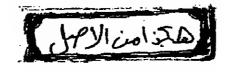
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Jenkins Ltd. The latter is a London St



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# FINANCIAL TIMES

Weekend December 9/December 10 1995



Business survey points to increased profits

# Outlook for Japanese companies improves

By William Dawkins in Tokyo

Japan's leading companies feel slightly more confident about business conditions than three months ago and expect further recovery in the short term, the Bank of Japan announced yester-

day.
The bank's quarterly Tankan business survey, the most author-itative guide to Japan's short-term economic outlook, points to higher corporate profits and fewer companies with excess

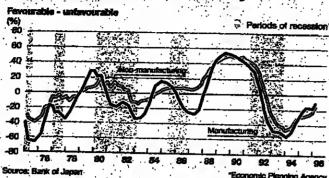
But this is partly offset by a build-up of stocks of unsold goods and a weak outlook for domestic demand, according to a poll of executives last month.

The results, in line with the market's expectations, show that the first fragile signs of recovery, helped by a Y14,220bn (\$140bn) fiscal stimulation package in September, are too weak to tempt the central bank to raise its record low interest rates, said economists in Tokyo.

Manufacturers produced a score of minus 14 on the Tankan's confidence index - which measures the balance between the percentage of those reporting better and worse conditions - a small improvement on minus 18 in the previous survey, in August, Service industries also improved a fraction, from minus 28 to minus 22 over the same

This shows that the economy is still "stalled" but that the risk of a recession is diminished, said a BoJ official. A warning by the

Japan: business conditions survey



Organisation of Economic Co-operation and Development a day earlier that Japan risked fresh recession was yesterday questioned by the country's top

economic official.

Mr Isamu Miyazaki, directorgeneral of the Economic Planning Agency, dismissed the OECD's forecast of 1.8 per cent growth in gross domestic product next year as too low and failing fully to reflect the government's stimulation measures. He expects growth of 2 per cent to 3 per cent in the fiscal year to March 1997. Yesterday'a Tankan survey.

however, shows companies have yet to trim their stocks of goods and materials in line with demand. The balance of those with surplus inventories rose from 17 in August to 19 last month, though on balance com-panies expected stocks to fall by

By Jim Kelly, Accountancy Correspondent

tion. It is understood an official announcement will be made next Monday in the capital. St Helier, that the island's legislature will be asked to allow firms to register as limited liability partner-

Arthur Andersen, part of the world's largest accountancy firm, suggested it may take advantage of the proposed new law. This follows indications ear-

law. This follows indications earlier this week from Price Waterhouse and Ernst & Young that they may wish to go offshore.

Mr Jim Wadia, senior partner at Andersen's in the UK, said the firm would be "evaluating" the "Jersey initiative", although it would review all the options.

Ernst & Young and Price

Waterhouse are expected to announce their backing for the Jersey proposal for limited liability partnerships – an option already open to US firms registering in Delaware.

If the three firms did register in Jersey they would remain resident in the UK and continue under the present tax and regu-latory frameworks. At present Jersey law, like

that in the UK, allows for only a restricted form of limited liability partnership which has proved of little use to large accountancy firms. The proposed law change — which could take several months - represents efforts by Jersey to attract high-profile businesses to the island.

problem in the US market. The Blg Six complain they face an unfair burden of damages stemming from legal actions because they can face all the

Limited liability partnerships protect the personal assets of partners from legal action stem-

There were indications yester-

go hy our insurers." KPMG, the Big Six firm which

has already decided to limit the liability of its partners by creating a limited company for andit work, and yesterday it would stick to its place.

## Jersey may change laws to attract top UK accountants

Jersey is to try and change its lawa to attract the UK's Big Six accountancy firms, which are seeking to protect partners' per-sonal assets from rising litiga-

Ernst & Young and Price

Jersey, which is not part of the EU and describes itself as "off-shore Europe", beld bank deposits in December 1994 of £64hn and collective investment funds

UK accountancy firms have been investigating ways of limit-ing liability in the face of rising litigation which first became a

damages in a claim even if they are only partly negligent.

ming from negligence by other partners.

day that middle-tier firms could be forced to follow the Big Six offsbore.

One partner with a leading firm said: "We could be forced to

#### The weakness of domestic Warning on Bosnia as

Continued from Page 1

talks begin

in Bosnia cannot fail, that we cannot allow the nightmare of the past three years to return."

But the opening of the London conference was clouded by continuing squabbles over wbo should head the mission to Bos-nia of the Organisation for Security and Co-operation in Europe, the 53-nation body which will terday the US and EU ended a two-day foreign ministers' meeting in Budapest without agreement on the post.

Mr Strobe Talbott, the US deputy secretary of state, strongly advocates the candidature of Mr Robert Frowick, a US Balkan expert, while Mr Hervé de Charette, the French foreign minister, insists that a European should be

The OSCE will be responsible for organising elections, ensuring buman rights compliance and overseeing arms control steps designed to ensure a low-ievel military balance between the former warring parties.

**Europe today** 

High pressura over the northern part of the continent will keep a series of low pressure systems over the Mediterranean. As a result, cloud and rain will occur in Spain, southeastern France and Italy and its islands. However, south-eastern Europe will become

more settled and will be dry with sunny periods. Northern Turkey will have cloud and rain owing to a moist wind from the Black Sea. The Benefux and Germany will stay dry but will be cloudy. Afternoon temperatures

will slightly decrease to about freezing. Eastern Europe will be rather sunny after morning fog which may persist in places. Patchy fog will also develop in parts of the UK

## Barings cover-up bid denied

Mr Norris said he could "not see rightful owner.

He regretted losses to holders of Barings' bonds, who were not repaid when ING Gronp, the tors in the capital of Barings lost money is totally unacceptable to me," he said.

Continued from Page 1 did not gain from his fraud, but

He said be accepted his share responsibility for the collapse. experiencs like this could be

a real distinction" between Mr Leeson's actions and theft. Both involved taking money from its

Dutch bank, bonght Barings' operations. "The fact that inves-

"Nobody who has been part of an

capable of looking back on it without feeling that other things could have been done," he said. Mr Norris's actions, and those of off North's actions, and those of other former Barings executives, are being examined by the Securities and Futures Anthority, the UK regulatory body. This could lead to their being banned as directors of investment banks.

Mr Nortis said a regulatory investigation was appropriate. "If what records are serving in the that

demand is shown by a small

reduction in manufacturers' sales

forecasts for the year to next

March, from 1.6 per cent in

August, to 1.4 per cent now.

Deapite their siuggish sales.

manufacturers expect profits to rise nearly 27 per cent in 1995, the second year of increase. Ser-

vice companies expect a 1.7 per cent profits rise, a sharp upgrade

from the previous survey and the

first improvement in five years.

But their sales ontlook is even

weaker than manufacturers' -

down 2.1 per cent, the fifth year

Japan has seen four bank col-

lapses since the last survey was

conducted, but this does not

appear to have harmed industry's

access to credit. The balance of those who found their financial

position easy rose slightly to 12,

while a balance of 33 described

their banks as accommodating,

what people are saying is that they would like to see a whole lot of others go through criminal proceedings, I think that is mis-conceived and inappropriate." he

# French strike 'concession'

Continued from Page 1

on to the streets of cities and towns. But, in addition to the total rail stoppage, other public services remained well below full

strength.
Strikers caused severe disruption to Channel Tunnel rail services, blocking the toll gates for vehicles leaving France. Eurostar passenger services were also

halted. Almost a third of air flights in France were also can-

ment employees, a plan to which the unions objected because they believed it would weaken govern-ment responsibility to meet any shortfall in financing civil servants' pensions.

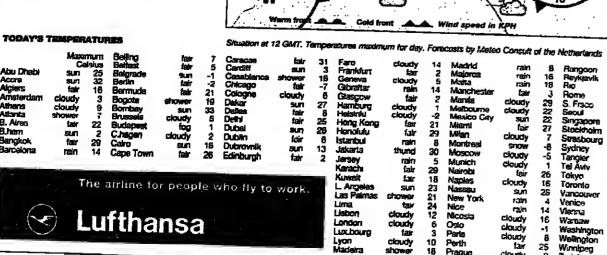
## The length of Mr Leeson's sentence surprised his lawyers.

Mr Juppe has scrapped the idea of creating a new off-budget pen-sion fund for all central govern-

# FT WEATHER GUIDE

High pressure will stay over the northern part of the continent, confining frontal zones with cloud and rain to southern Europe. The Benelux, northern France and Germany will be dry with sunny spells. Maximum temperatures will rise and will mainly be above freezing. The UK will also remain dry and will have sunny periods.

and north-eastern France. Five-day forecast



THE LEX COLUMN

# Milanese manoeuvres

Mediobanca's ruse of avolding confrontation at yesterday's Ferruzzi Finanziaria shareholders meeting by holding it on a bank holiday was only partially successful. Certainly, the Milanese merchant bank won the battle. But having tied up around 35 percent of shares in Ferfin – the holding company of industrial group Montedison and insurer Fondiaria – Mediobanca's victory was never in any doubt. However, for the first time, a Mediobanca restructuring plan has attracted vocal opposition from Italian banks. And this increases hope that Mediobanca's monopoly of Italian finance may finally be under threat, from an alternative banking group built around the San Paolo di Torino and Cariplo banks. and investment banking group IMI. holding it on a bank holiday was only banking group IMI

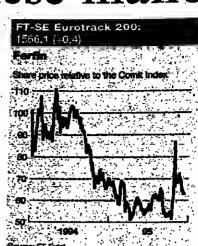
Nonetheless, yesterday's approval of Ferfin's proposed L953bn (\$598m) capital increase is nothing to cheer about. The deal would be positive for share holders if it were a means of ensuring an independent existence for Ferfin. It is not. Mediobanca has made clear that it still looks favourably on plans to merge Ferfin with the lamentably poorly managed Gemina. Since Medio-banca in effective controls both com-panies, there is every risk that this Frankenstein-like conglomerate will come to life.

Moreover, San Paolo's so-called alternative banking galaxy has hardly come up trumps. San Paolo was the largest single shareholder in Ferfin, and thus well-placed to flex muscle. So having the last the battle its latest having the lost the battle its latest expression of discontent is unlikely to strike fear into the hearts of senior Mediobanca executives.

Laporte

It has become almost de rigueur for a new chief executive to knock a poorly performing business into shape with a big reorganisation exercise. But it comes as a shock when the company is one as apparently solid and well-run as Laporte, the speciality chemicals group. That is why yesterday's £85m restructuring, launched by Mr Jim Leng, chief executive, knocked 23 per cent off the shares. cent off the shares.

After just two months in the job, Mr Leng has discovered that Laporte is not nearly as profitable as he and almost everyone else believed. Nearly £14m or 11 per cent of last year's profits came from non-trading items, principally a pension credit and cash from unwinding a joint venture. These are expected to reduce to almost nothing



over the next three years. Mr Leng has also decided that many of the group's businesses – spread over 90-odd sites – are too small, while central headquarters has become rather too large. As a result, he is setting aside 250m to close plants and cut jobs, and another 230m to write down assets in the hope of selling some of the weaker units. In addition, Laporte has been hit by des-tocking and falling chemical prices. There was not a whiff of that at September's interims, when Mr Leng's predecessor, Mr Ken Minton, forecast

continued progress.

Mr Leng's actions should make Laporte a better business, though the full benefits will not materialise until 1997. Profits this year will come in 20 per cent below expectations with little improvement forecast for 1996. Investor confidence will be slow to recover.

T&N

The heavy shadow of asbestos is starting to lift from T&N. Victory in its legal battle with Chase Manhattan signals the end of a slew of expensive property suits that have dogged the UK engineering group and former asbestos producer. Some concerns remain - T&N still

faces personal injury claims both in the UK and US. In Britain, the number of cases is small at present and payouts are running at around £4m a year - insignificant for a group this size. The company is appealing against a recent court ruling which suggested it could be liable for exposing residents near its factories to harmful asbestos dust. In America, the number of claims is larger, but they have been capped by the Georgine settlement. setting aside £50m from profits in both 1995 and 1996 to provide for that. Those provisions will keep cash flow oreal to

<sub>lay</sub>bellin

Those provisions will keep cash flow negative at a time when borrowings are already high. And there is always a danger of another unwelcome surprise: the Georgine settlement could yet be overturned on appeal.

Having said that, the risks are clearly diminishing, allowing investors to focus on the underlying business. With good market positions in products like pistons, double figure margins and geographic balance, T&N clearly deserves a re-rating. Despite a jump of nearly 40 per cent to 165p in two days, the shares still trade at a discount of 25 per cent to the market discount of 25 per cent to the market average. A 10 per cent discount would be more appropriate, suggesting that a price of 200p is attainable.

Forte's flimsy defence document adds little to the great debate as to whether a refocused Forte management will add more value than Granment will add more value than Gran-ada's more finely honed catering and TV management skills. Forte's profits recovery is on track. And more impor-tantly, the management is hinting at-trophy hotel disposals – the easiest way to enhance earnings, when in the region of £1bn of exclusive hotels are delivering a meagre £40m or so of profits. But investors should await asset revaluations and the structure of a demerged restaurant group before deciding on Granada's offer.

Nonetheless, the ability of Granada to launch an irresistible bid looks increasingly questionable, even if some believe there are £100m of poten-tial cost savings in the quarry. Gran-ada's share price has fallen 9 per cent since its offer and is at the level at which its share offer is underwritten. A rising Granada share price was the key to its ability to make a substantial increase in its offer for LWT; without a share price recovery, it would be hard for Granada to raise its bid.

Moreover, reasons for cantion over Forte are emerging. Granada always faced the threat that 31 botel management contracts could vanish under change of ownership clauses. It appears that similar clauses apply to numerous sale and leaseback contracts for Forte properties; so in a worst case - if extremely unlikely scenario, some beavy penalties could be incurred. This may not be a strong base from which to launch a much higher bid.

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